

**Press Release:**

## Dubai Islamic Bank Full Year 2023 Group Financial Results

- Robust rise in total income by 43% YoY to AED 20 billion.
- Net profit of AED 7 billion, stellar growth of 26% YoY.
- Expansion continues as Balance Sheet rises to AED 314 billion, up 9% YoY.
- Asset quality improved to 5.4% down 110 bps YoY, beating guidance.
- Shareholder returns continue to grow with RoTE at 20%, up 300 bps YoY, beating guidance.
- Proposed dividend of 45%, subject to shareholder approval in AGM.

Dubai, January 23, 2024

Dubai Islamic Bank (DFM: DIB), the largest Islamic bank in the UAE, today announced its results for the period ending December 31, 2023.

### FY 2023 Highlights:

- **Group Net Profit** came in at AED 7,010 million, up 26% YoY compared to AED 5,552 million, driven by rising non-funded income and lower impairment charges.
- **Net financing and sukuk investments** reached AED 268 billion, up 12% YoY. Gross new underwriting and sukuk investments recorded AED 88 billion vs AED 63 billion in FY 2022. Over the year, the frequency of early settlement payments has retracted tremendously by 31% YoY leading to net growth in new financing and sukuk disbursements to AED 29 billion.
- **Total income** reached to AED 20,142 million compared to AED 14,101 million, a solid expansion of 43% YoY.
- **Net Operating Revenues** showed a robust increase of 11% YoY to reach AED 11,665 million.
- **Net Operating Profit** came at AED 8,503 million, a 10% YoY increase compared to AED 7,734 million in FY 2022.
- **Balance sheet** expanded strongly by 9% YoY to AED 314 billion.
- **Customer deposits** increased to AED 222 billion, up 12% YoY 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 1,396 million against AED 2,103 million in FY 2022, down by 34%. Separately, 4Q 2023 registered impairment reversal of AED 13 million down 102% YoY and 103% QoQ.
- **NPF** falling largely below the 6% mark, now at 5.4% compared to 6.5% at YE2022, lower by 110 bps YoY and 60 bps QoQ. **Cash Coverage** rose to 90%, up 1200 bps YoY.
- **Cost to income** ratio at 27.1%, staying below guidance.
- Liquidity remains healthy with **LCR** at 188.7%.
- Continued improvement on **ROA** now at 2.3% (+30 bps YoY) and **ROTE** at 20% (+300 bps YoY).

- **Capitalization** levels remain robust with **CET1** at 12.8% (-10 bps YoY) and **CAR** at 17.3% (-30 bps YoY), both well above the minimum regulatory requirement. **Total equity** now stands at AED 47 billion.

## **Management's comments for the period ended 31<sup>st</sup> December 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 expand amidst the tightening of global financial conditions owing to elevated inflation levels and moderate global growth. The GCC financial markets had a strong year with Dubai showcasing a robust double-digit gain of more than 20% YoY supported by a strong pipeline of IPOs and rising volume trades. The banking sector also showed strong resilience with healthy and growing balance sheets and higher earnings.*
- *2023 has been an exceptional year for DIB as the bank delivered its highest profitability in history. A stellar AED 7,010 million in net profits rising by 26% YoY is a result of our consistent strategic efforts to grow this dynamic institution and maintain its leadership in the global Islamic finance space.*
- *Supporting the UAE's Year of Sustainability, we, together with the UAE Banks Federation commit to delivering AED 1 trillion in sustainable finance over the coming years. DIB has already been at the forefront of this commitment with USD 1.75 bn of sustainable sukuk already issued supporting a growing ESG portfolio. With a long term ESG strategy set in place, the bank will continue to drive positive climate actions in the UAE and beyond in the years to come.*
- *Over the year 2023, Dubai's economy has propelled at exceptional rate due to the structural and cyclical factors as well as deleveraging. Dubai's PMI data has ended the year at an exceptional level ticking at 57.7 in December, marking healthy acceleration. Banks' credit have grown reflecting ample opportunity and liquidity aligned with the buoyant economic activities across all industries.*
- *DIB's profitability hit record high during FY 2023 year delivering net profit of AED 7,010 million, up 26% YoY supported by significant asset growth, stable costs, and strong margins, solid recoveries thus reflecting healthy economic conditions.*
- *The expansionary agenda continues as the balance sheet grew further by 9% YoY to AED 314 billion. Financing book rose by 7% YoY to AED 199 billion 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 have grown 12%, surpassing full year guidance.*

- *As leaders in the global green transformation, DIB proudly served as an Associate Pathway Partner at COP28 in 2023. Our sustainability strategy, with its core pillars 'Lead by Example' and 'Financing a Sustainable Future,' is guiding us in shaping the sustainable financial landscape. A testament to our commitment is the successful issuance of a USD 1 billion Sustainable Sukuk, a landmark in Islamic and sustainable finance. Our innovative tree-planting initiative for every new account exemplifies our approach to involve our customers in our sustainability journey. We have continued to demonstrate our commitment to the UAE's vision of sustainability as demonstrated by our collaboration with other UAE banks to collectively pledge to mobilize over AED 1 trillion in sustainable finance by the year 2030. At DIB, we are not just pursuing growth; we are dedicated to purpose-driven expansion, setting a sustainable path for ourselves, the UAE, and the Islamic banking sector worldwide.*

## Financial Review

### Income statement summary

AED millions	FY 2023	FY 2022	YoY % change
Total Income	20,142	14,101	42.8%
Depositors' / Sukuk holders share of profit	(8,477)	(3,634)	133.3%
Net Operating revenue	11,665	10,467	11.4%
Operating expenses	(3,162)	(2,733)	15.7%
Profit before impairment losses & income tax	8,503	7,734	9.9%
Impairment losses	(1,396)	(2,103)	(33.6%)
Income tax	(98)	(79)	23.2%
Net profit for the period	7,010	5,552	26.3%

Key Ratios (%)	Dec 2023	Dec 2022	Change (bps)
Net Profit Margin %	3.1%	3.0%	10 bps
Cost to income ratio %	27.1%	26.1%	100 bps
Return on average assets %	2.3%	2.0%	30 bps
Return on tangible equity %	20%	17%	300 bps

### Balance Sheet Summary

AED millions	FY 2023	FY 2022	YTD % change
Net Financing and Sukuk Investments	267,626	238,271	12.3%
Equities & Properties Investments	9,954	9,724	2.4%
Other Assets	8,209	9,148	(10.3%)
Due from banks and financial institutions	4,484	4,607	(2.7%)
Cash & CB Balances	24,020	26,489	(9.3%)
<b>Total assets</b>	<b>314,292</b>	<b>288,238</b>	<b>9.0%</b>
Customers' deposits	222,054	198,637	11.8%
Sukuk financing instruments	20,481	22,340	(8.3%)
Other liabilities	24,323	23,287	4.4%
<b>Total liabilities</b>	<b>266,885</b>	<b>244,264</b>	<b>9.3%</b>
Shareholder Equity & Reserve	36,293	33,039	9.7%
Tier 1 Sukuk	8,264	8,264	0%
Non-Controlling interest	2,877	2,671	7.7%
<b>Total liabilities and equity</b>	<b>314,292</b>	<b>288,238</b>	<b>9.0%</b>

Key Ratios (%)	Dec 2023	Dec 2022	Change (bps)
Liquidity Coverage Ratio (LCR)	188.7%	150.4%	3830 bps
CET 1	12.8%	12.9%	(10 bps)
Capital Adequacy Ratio (CAR)	17.3%	17.6%	(30 bps)
Non-Performing Financing (NPF)	5.4%	6.5%	(110 bps)
Coverage	121%	110%	1100 bps

## Operating Performance

The bank's **Total Income** rose to AED 20,142 million in FY 2023 demonstrating a solid growth of 43% compared to AED 14,101 million driven by strong income from funded and non-funded income. Non-funded income advanced by 23% YoY over the reporting period supported by fees & commissions and income from investment properties in line with Dubai's strong property rental market in addition to other income account due to one off item gains. Particularly in 4Q 2023, non-funded income exhibited a strong quarter, YoY and QoQ up by 48% and 19%, respectively, as commissions rose by almost 40% (on a YoY basis) due to higher financing processing fees while also other income supported the growth. This is clearly reflected in the **Net Operating Revenue** which grew by 11% YoY to reach to AED 11,665 million compared to AED 10,467 million last year.

Pre-impairment profit increased by 10% YoY reaching to AED 8,503 million compared to AED 7,734 million. **Impairment charges** stood at AED 1,396 million down by 34% YoY. It is worth highlighting, 4Q 2023 witnessed reversal of impairment charges in tune if AED 13 million.

**Operating expenses** amounted to AED 3,162 million for the year vs AED 2,733 million in FY2022, exhibiting 16% YoY increase. **Cost income ratio** registered 27.1%, up 100 bps YoY.

**Group Net Profit** witnessed a robust increase of 26% YoY to reach AED 7,010 million vs AED 5,552 million in FY 2022. 4Q 2023 net profit registered AED 2,186 million up 28% QoQ and 51% YoY.

**Net profit margin** increased to 3.1% (10 bps YoY) with **ROA** and **ROTE** at a healthy 2.3% and 20% up by 30 bps and 300 bps YoY respectively.

## Balance Sheet Trends

**Net financing & Sukuk investments** stood at AED 267 billion, up 12% YoY 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 30.5% YoY to reach to AED 68 billion.

DIB witnessed stellar disbursements in its gross new financing and sukuk portfolio during FY 2023 amounting to nearly AED 88 billion, up 40% compared to AED 63 billion in FY 2022. The bank's sukuk portfolio continued its resilience witnessing gross new investment of AED 21 billion up 52% YoY compared to FY2022. Gross corporate financing origination surpassed AED 45 billion, (45% YoY), driven mainly by large corporates and regional cross border financing, while new bookings from consumer financing followed suit up 22% to AED 22 billion driven by automotive, personal finance and SME business underpinning DIB's strong franchise despite a competitive market. This resulted in gross new financing of AED 67 billion up 37%. Routine repayments for the period continued to flow in at AED 23 billion and AED 17 billion from the corporate and consumer segments respectively. Similar to

the earlier part of the year, the momentum of early settlements continued to retract over the period by 36% YoY to AED 14 billion compared to AED 21 billion last year. This has resulted in net positive financing incremental growth of AED 13 billion in DIB's portfolio over the FY 2023 period compared to balanced growth last year.

**Customer deposits** registered AED 222 billion as of FY 2023 up by 11.8% YoY equally supported by the consumer and corporate accounts. **CASA** now stands at AED 82 billion, comprising 37% of deposits. Migration to wakala deposits (investment deposits) was a persistent trend over the year due to the current global rate scenario. This is reflected through an increase in contribution of investment deposits to the total deposit base to 63% from 56% in FY 2022. **Liquidity coverage ratio** (LCR) at 188.7%, up from 150.4% FY 2022, remains above regulatory requirement, depicting strong liquidity position.

Non-performing financing (NPF) ratio improved to 5.4%, down a solid 110 bps compared to FY 2022 NPF ratio of 6.5%. Core DIB NPF account which comprises 83% of the total NPF account was the main contributor to the improvement in the asset quality. Corporate settlements pertaining to legacy real estate exposures resulted in an 11% decrease in absolute NPFs. This led to core DIB NPF ratio dropping by 85 bps to 4.5% versus 5.35% in FY 2022. Moreover, recoveries from NMC and NOOR POCl are ongoing which resulted in a decline of also 13% in their absolute NPF exposure. Accordingly, coverage ratio across all three accounts improved significantly YoY.

Stage 2 financing dropped by 8% YoY and 22% QoQ to AED 14 billion. Improvement in average risk grades for certain accounts during 2023, along with few large accounts returning to stage 1 after completing curing period, both led to decline in stage 2 exposure. As a result, Stage 2 coverage ratio improved to 9.1% up 160 bps YoY. Similarly, Stage 3 coverage improved to 68%, (+710 bps) from FY2022.

**Cash coverage ratio** rose to 90% (+1200 bps YoY, +600 bps vs 9M 2022) and overall coverage including collateral at 121% (+1100 bps YTD and 400 bps vs 9M 2022). **Cost of risk** on gross financing assets improved to 60 bps compared to 80 bps for the year 2022.

**Capital ratios** continue to remain strong with **CAR** now at 17.3% and **CET 1 ratio** at 12.8% (down 10 bps YoY), both well above the regulatory requirement.

## **Business Performance (2023)**

Consumer Banking portfolio increased to AED 56 billion up 8% from AED 52 billion in FY2022. The portfolio's total new underwriting of AED 22 billion during the year increased from AED 18 billion in FY 2022, up 22% YoY. All consumer segments witnessed strong growth particularly auto finance which featured a 37% jump YoY, SME business up 86% and Personal Finance up 20% YoY in gross new underwriting. Despite routine repayments of AED 17 billion, the portfolio added AED 4.5 billion of net new underwriting in FY 2023 versus AED2.8 billion in FY

2022. The business generated AED 5.3 billion in revenues during the year up by 9% YoY from AED 4.9 billion during FY 2022. Blended yield on consumer financing grew by 82 bps YoY to reach to 6.78%. Separately, on the funding side, consumer deposits witnessed a 12% increase YoY to AED 88 billion as investment deposits gained traction from customers while consumer CASA remained steady YoY at AED 48 billion.

Corporate banking portfolio now stands at AED 143 billion up 7% YoY driven by growth in the services, utilities, automobile and financial institution sectors. Gross new corporate financing for FY 2023 bolstered to AED 45 billion up 45% YoY, while repayments and early settlements registered AED 37 billion, leading to AED 9 billion growth in the portfolio over the full year, compared to no growth in FY 2022. This growth features a robust recovery in the corporate portfolio as the bank's strong liquidity position enabled it to deploy financing strategically into cross border and to large corporate clients, coupled with a significant drop in early settlement. Revenues increased by 1% to AED 2,882 million. Yield on corporate financing portfolio expanded by 263 bps YoY to 6.48% compared to 3.85%. The stellar yield expansion is attributed to increasing share into industries fueling the UAE's economic growth. Separately on the funding side, corporate deposits increased by 12% YoY while CASA was impacted by 9% YoY as large corporates continued to rotate their funds into higher yielding deposits.

Treasury continued to provide a strong engine for growth as the curator of the bank's fixed income book. The sukuk investment portfolio now stands at AED 68 billion, up a hefty 31% YoY, constituting a noteworthy 22% of the bank's assets. Gross new sukuk investments during the year amounted to AED 21 billion, up 52% YoY, leading to net growth of AED 16 billion for the period. The portfolio carries an attractive yield of 4.6% up 58 bps YoY.

### **Key Highlights (FY 2023)**

- **DIB launched NEST, a sustainable Home Finance product**, a tangible embodiment of the Bank's pledge to support the creation of sustainable communities. 'Nest' offers a suite of financial products tailored to empower customers to invest in green homes, as well as ancillary finance for solar panels and sustainable construction materials, fostering an environmentally conscious lifestyle.
- In 2023, DIB was an Associate Pathway Partner for the **COP 28 UAE** event where the bank actively participated in the annual UN Climate Conference. Together with the UAE Banking Sector, DIB has committed to mobilise AED 1 trillion into sustainable financing by 2030. In addition, several other ESG initiatives such as "One Tree for Everyone" and "NEST (Sustainable Home Finance) were launched during the year in line with the UAE's Year of Sustainability. Moreover, the bank also committed on the UAE climate responsible companies pledge where DIB will aim to strengthen its sustainability ambitions and reduce its carbon footprint in line with the UN global sustainable development goals.

- DIB has embarked on a pioneering endeavor to nurture financial literacy among the youth through its innovative **Youth Financial Empowerment Forum**, providing them with valuable information and resources to help them become more financially empowered. The bank has a rich history of working in collaboration with organizations that share its vision for youth development. Over the past two campaigns with KFI Global, DIB has collaborated with approximately 50 schools, impacting up to 4,000 students positively. This initiative is designed to enhance financial literacy and equip young individuals with the knowledge and tools for financial success.



## DCM and Syndication Deals (FY 2023)

SUKUK (USD)				
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	Sovereign	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
Damac	Corporate	8.375%	300	12-Apr-27
Ziraat Katilim	FI	9.375%	500	12-Nov-26
Ittihad International Investment	Corporate	9.750%	300	09-Nov-28
Republic of Indonesia	Sovereign	5.40%	1,000	15-Nov-2028
		5.60%	1,000	15-Nov-2033
Republic of Philippines (Project RoP)	Sovereign	5.04%	1,000	06-Jun-29

SUKUK (AED)				
Issuer / Obligor Name	Issuer Type	Profit Rate (%)	Amount Issued (AED mn)	Maturity
Emirates Islamic Bank (AED)	FI	5.05%	1,000	08-Feb-23

## 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	Sep 2023
Saudi Electricity Company Limited	Energy	3,000	Oct 2023

## Awards List (2023 YTD)

Date	Award Giving Body	Award Received
December 2023	CMD Award 2024	<ul style="list-style-type: none"> <li>2024 Best Sukuk Bookrunner/Dealer Award</li> </ul>
November 2023	MEA Finance Awards	<ul style="list-style-type: none"> <li>Best Sustainable Finance Initiative in Islamic Banking</li> <li>Best Islamic Bank - UAE</li> </ul>
June 2023	Forbes ME	<ul style="list-style-type: none"> <li>Ranked 22<sup>nd</sup> amongst the Middle East's Top 100 Listed Companies</li> <li>Ranked 10<sup>th</sup> amongst the UAE's top 10 listed companies</li> </ul>
June 2023	Euromoney Awards for Excellence 2023	<ul style="list-style-type: none"> <li>Best Islamic Bank in the Middle East</li> <li>Best Islamic Bank in the UAE</li> </ul>
May 2023	MEA Finance Banking Technology Awards 2023	<ul style="list-style-type: none"> <li>Best Innovation in User Experience</li> <li>Best Analytics System (Dubai Islamic Bank and GBM)</li> <li>Best Corporate Payments Service</li> </ul>
April 2023	Forbes ME	<ul style="list-style-type: none"> <li>DIB Ranked 13th amongst the Middle East's 50 Most Valuable Banks 2023</li> </ul>
April 2023	Achievement Awards 2022	<ul style="list-style-type: none"> <li>Best financial institution Sukuk</li> </ul>

March 2023	Islamic Finance News Awards	<ul style="list-style-type: none"> <li>• Most Innovative Islamic Bank</li> <li>• Best Overall Islamic Bank in UAE</li> <li>• Best Corporate Bank in UAE</li> <li>• Best Overall Islamic Bank in Kenya</li> <li>• Best Investment Bank in Kenya</li> <li>• Best Corporate Bank in Kenya</li> <li>• Most Innovative Bank in Kenya</li> <li>• Syndicated Deal of the Year</li> <li>• Turkey Deal of the Year</li> <li>• Corporate Finance Deal of the Year</li> <li>• Pakistan Deal of the Year</li> <li>• Best Overall Islamic Bank</li> </ul>
February 2023	16th Annual Best Deal & Solution Awards 2022	<ul style="list-style-type: none"> <li>• Best Sovereign Bond &amp; Best Green Sukuk of the year 2022</li> </ul>

#### 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](http://www.dib.ae)**

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