

Press Release:

Dubai Islamic Bank 3rd Quarter 2020 Group Financial Results

Total assets at nearly AED 300 billion, an increase of 29% YTD.

Total income of around AED 9.9 billion supported by significant increase in fee income of 19%.

Capital ratios and liquidity remain robust despite significant growth in earning assets

Relief measures of nearly AED 8 billion extended to support customers under TESS program.

Dubai, October 20, 2020

Dubai Islamic Bank (DFM: DIB), the largest Islamic bank in the UAE, today announced its results for the period ending September 30, 2020.

9M 2020 results highlights:

- Group Net Profit reached to AED 3,124 million during the first nine months of the year.
- Net financing and Sukuk investments rose to AED 234.5 billion vs AED 184.2 billion in 2019, up by 27% YTD.
- Customer deposits increased to AED 214.6 billion up by 31% YTD.
- CASA component increased to 39% from 33% when compared to YE2019.
- Cost to income ratio stable at 29.4%.
- ROA stood at 1.70% and ROE at 14.0%.
- Financing to deposit ratio stood at 92%, signifying ample liquidity.
- NPF ratio at 4.8%, remains robust given the current market conditions.
- Overall coverage, including collateral at discounted value, stands at 114%.
- Capital adequacy (CAR) and CET 1 ratios improved to 17.3% and 12.9% respectively, despite growth and conservative provisioning.

Management's comments for the period ending 30 September 2020:

His Excellency Mohammed Ibrahim Al Shaibani, Director-General of His Highness The Ruler's Court of Dubai and Chairman of Dubai Islamic Bank, said:

- *The global environment remains uncertain with geographies around the world yet to fully recover. At home, the UAE remains committed towards economic development with a strong focus on precautionary safety measures as we witness the gradual recovery of trade and business services. In addition, the proactive fiscal policies of the UAE government have supported the domestic banks to continue to operate profitably whilst simultaneously assisting and servicing customers during these trying times.*

- *The on-going consolidation of the banking sector in the GCC region is expected to continue with constrained growth opportunities and lower oil prices. DIB's strategic acquisition of Noor remains on target for completion by year end. The anticipated synergies have already started to materialize which will pave the way for robust growth and greater returns for our shareholders in the years to come.*

Dubai Islamic Bank Managing Director, Abdulla Al Hamli, said:

- *The UAE's strong international economic relations, stable government and advanced technology infrastructure will further support the recently announced government initiatives such as the retirement and remote working programs. DIB's robust consumer business coupled with digital offerings remains aligned towards supporting immediate on-boarding of new customers as well as continuing to service and engage with them on the same.*
- *During these unprecedented times, our business continuity and crisis management plans were immediately engaged. This has enabled our highly dedicated and capable employees to continue on with their duties and be able to service our customers with minimal disruptions supported by technology enablers and extreme precautionary and safety measures.*

Dubai Islamic Bank Group Chief Executive Officer, Dr. Adnan Chilwan, said:

- *Even with the continued economic uncertainties and market volatilities over the past few months, the bank's total income for the nine months of 2020 remained stable at nearly AED 10 bln, a significant achievement during these unprecedented times. Our diversified revenue streams continue to sustain the bank's healthy profitability levels during the period as we see the net operating revenue actually increase to over AED 6.9 bln despite the pandemic.*
- *Focusing on low risk segments, the bank remains at the top in the market from earning assets growth perspective with nine months increase of 27% supported by gross new financing of around AED 42 billion. Despite the growth, liquidity remained strong at 92%.*
- *Notwithstanding significant growth, and substantial provisioning and impairments due to the conservative approach adopted, the strong profitability has pushed the capitalization ratios upwards with CET1 rising by 90 bps to circa 13% and overall CAR 17.3%, depicting a robust capital position.*
- *As a leading player in the capital markets space, more than USD 20 bln of sukuk and syndicated transactions were executed to support the market. Furthermore, vital support was also provided to over 50,000 corporate and retail customers with nearly AED 8 bln in relief measures under the UAE CB's TESS program.*
- *The Noor Bank acquisition remains on target for completion within the year. As synergies start to unfold, this key transaction will facilitate the acceleration of our business and strategic ambitions to sustain our leading position in the industry, now and in the post-covid future.*

Financial Review:

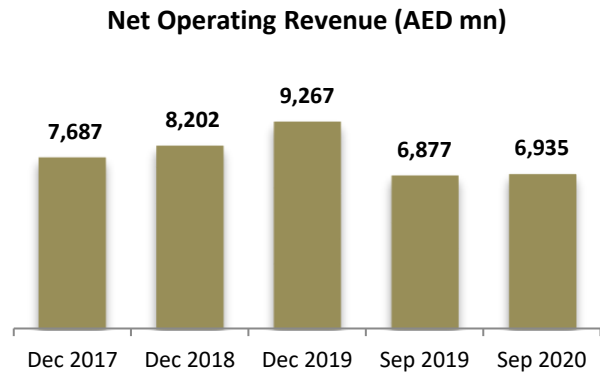
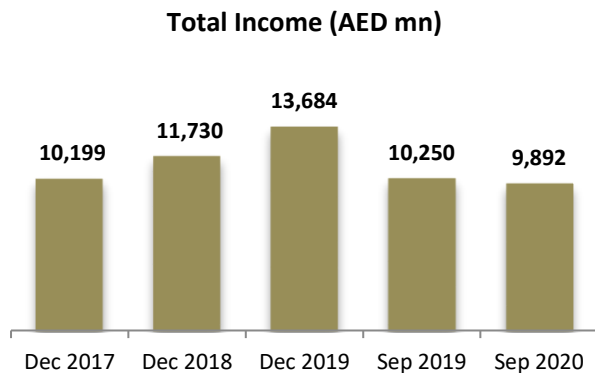
Income Statement highlights:

AED million	Sep 2019	Sep 2020	YoY Change %
Total Income	10,250	9,892	(3%)
Depositors'/ Sukuk holders share of profit	(3,373)	(2,957)	(12%)
Net Operating revenue	6,877	6,935	1%
Operating expenses	(1,771)	(2,134)	20%
Profit before impairment losses & income tax	5,105	4,801	(6%)
Impairment losses	(1,056)	(2,650)	151%
Gain on Bargain Purchase	-	1,015	100%
Income tax	(34)	(41)	20%
Net profit for the period	4,015	3,124	(22%)

Key ratios	Dec 2019	Sep 2020	Change
Net Profit Margin %	3.15%	2.70%	(450 bps)
Cost to income ratio %	26.9%	29.4%	250 bps
Return on average assets %	2.25%	1.70%	(550 bps)
Return on average equity %	17.1%	14.0%	(310 bps)

Income and Net Revenues

The bank's total income reached nearly AED 9.9 billion for the nine months of 2020 whilst net operating revenue grew to AED 6.9 billion supported by core business growth as well as robust fees & commissions and FX income of AED 1.32 billion, an increase of 19% YoY.



Costs

Operating expenses reached AED 2,134 million in the first nine months of 2020 against AED 1,771 million during the same period last year. The rise in costs primarily stems from consolidation impact of Noor Bank as well as integration expenses in 1Q 2020. Cost to income ratio stood at 29.4% as of Q3 2020, and is expected to steadily improve as synergies materialize.

Net Profits

The net profits of the bank during the nine months of 2020 reached to AED 3,124 million. Despite the challenges in the global economy, the bank continues to demonstrate franchise strength and remain profitable during the ongoing global crisis. The near completion of the Noor integration exercise is expected to bring further positive contributions towards the bank's overall profitability.

Statement of financial position highlights:

<i>AED Million</i>	Dec 2019	Sep 2020	Change YTD (%)
Net Financing and Sukuk Investments	184,157	234,507	27%
Interbank placement & CDs	16,275	30,301	86%
Equities & Properties Investments	9,788	11,147	14%
Cash & Other assets	21,576	23,349	8%
Total assets	231,796	299,303	29%
Customers' deposits	164,418	214,642	31%
Sukuk Financing Instruments	14,852	18,598	25%
Total liabilities	197,064	259,271	32%
Shareholder Equity & Reserve	25,565	29,043	14%
Tier 1 Sukuk	6,428	8,264	29%
Non-Controlling Interest	2,739	2,725	(1%)
Total liabilities and equity	231,796	299,303	29%

<i>Key ratios:</i>	Dec 2019	Sep 2020	Change
Net Financing to customer deposit	92.0%	92.0%	-
CET 1 ratio	12.0%	12.9%	90 bps
CAR	16.5%	17.3%	80 bps
NPF ratio	3.9%	4.8%	90 bps
Coverage ratio	101.0%	81%	2000 bps

Financing and Sukuk portfolio

The net financing & Sukuk investments grew to AED 234.5 billion during the nine months of 2020 from AED 184.2 billion at the end of 2019, a robust rise of 27%. Nearly AED 42 billion were deployed in gross new financing growth driven by the realignment of strategy focusing on lower risk sectors, particularly sovereigns, and includes gross new consumer financing amounting to AED 9.5 bn to date.

Asset Quality

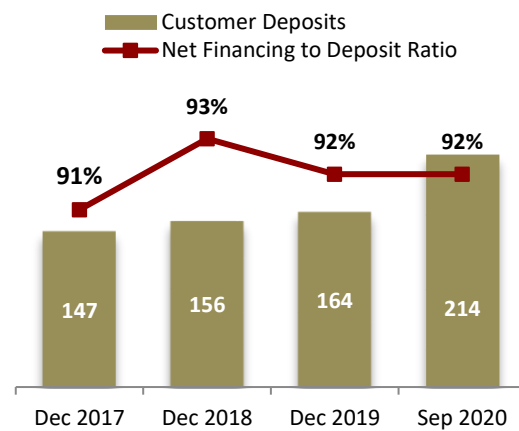
Non-performing financing (NPF) ratio and impaired financing ratio stood at 4.8% and 4.6% respectively. Cash coverage and overall coverage ratio, including collateral at discounted value stood at 81% and 114% respectively. Normalized cost of risk for the period was 99 bps (excluding one-off charges).

Customer Deposits

Customer deposits grew to AED 214.6 billion from AED 164.4 billion at year-end 2019 reflecting significant rise of 31% YTD.

CASA rose strongly by 52% YTD to AED 82.9 billion, growing from AED 54.6 billion in year-end 2019. This currently represents about 39% of customer deposits. Net financing to deposit ratio stood at 92%, signifying ample liquidity despite material growth in financing book.

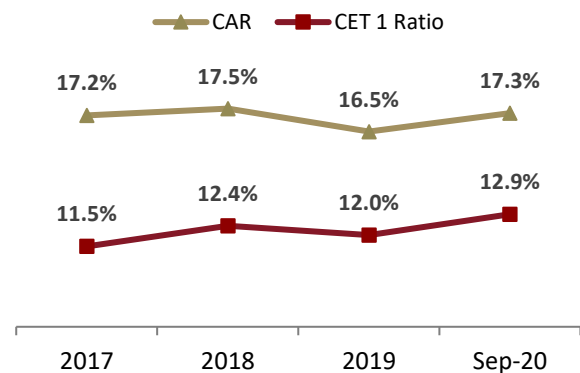
Customer Deposits (AED bn)



Capital Adequacy

Capital adequacy and CET 1 ratios improved to 17.3% (+80 bps YTD) and 12.9% (+90 bps YTD) respectively. Despite strong growth during the year, capital levels remain intact and well above the minimum regulatory requirement.

Capital Ratios (%)



Q3 2020 - Key business highlights:

- To support and mitigate the impact of the pandemic in the domestic economy, the UAE Central Bank announced a comprehensive TESS program providing all banks with Zero Cost Facility (ZCF). As at 30 September 2020, the bank's customers benefited from nearly AED 8 billion which included relief to the customers from the payment of instalments on outstanding facilities for affected private sector and retail banking customers who approached the bank.
- Noor bank integration remains on track with key deliverables on policies and operating models completed. The bank continues to progress in terms of its technology platforms integration and end-to-end product and process harmonization, with minimal impact for customers. Targeted completion time will be during Q4 2020.
- During the annual Islamic Finance News (IFN) awards 2020, DIB's contributions to the Islamic finance industry was acknowledged with 6 prestigious awards. DIB also landed the **"Best Overall Islamic Bank"**, **"Social Impact Deal of the Year"** in the UAE, the **"Sovereign Deal of the Year"**, the **"UAE Deal of the Year"**, and the **"Overall Deal of the Year"** awards. DIB Kenya picked up the **"Best Islamic Bank"** award in Kenya for the second time, a testimony to the bank's achievements in the short tenure thus far in the country. The sheer diversity of accolades received clearly evidences the bank's commitment, dedication and support to the progression and development of the Islamic finance industry worldwide.

9M 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	1,000 300 (tap)	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
DP World	Corporate	3.800	750	June 2050
		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

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

Year to Date Industry Awards (2020)

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
June 2020	Islamic Finance News Awards 2019	Best Overall Islamic Bank
June 2020	Islamic Finance News Awards 2019	Social Impact Deal of the Year
June 2020	Islamic Finance News Awards 2019	Sovereign Deal of the Year
June 2020	Islamic Finance News Awards 2019	UAE Deal of the Year
June 2020	Islamic Finance News Awards 2019	Best Islamic Bank in Kenya
June 2020	Islamic Finance News Awards 2019	Overall Deal of the Year
July 2020	EMEA Finance Achievement Awards 2019	Best Financial Institution Sukuk

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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