



DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors' of Dubai Islamic Bank Pakistan Limited (DIBPL), we are pleased to present the condensed interim un-audited financial statements for the period ended June 30, 2022.

ECONOMIC OVERVIEW

The State Bank of Pakistan continues to maintain a tight monetary stance as it pursues to support the economy in an exceptionally challenging and uncertain global environment. Inflation has surged to a 14year high level of 21.3% y/y in June'22 with an average to 12.15% for FY22. Further PKR has weakened amid hefty Current Account Deficit (CAD) and delays in the IMF programme resumption. Resultantly, the SBP has further increased the policy rate by 125bps, taking the policy rate to 15% an increase of 5.25% this year.

The economy in FY22 rebounded much more strongly than anticipated, growing by 5.97% this year. However, the Country is facing a trade-off between growth and high inflation & trade deficit. External pressure remains elevated, as the CAD has regained strength. After moderating for three months in row, CAD for May'22 came in at \$1.4 billion, more than double the April's \$623million. Exports and remittances took a hit, whereas oil imports continued to burden the external position. This takes 11MFY22 CAD to \$15.2billion.

Resumption of the IMF programme stays the key part with recent Government measures of increasing the Corporate and individual tax rates as well as doing away with several tax credits and curtailing expenditures to increase the revenues and reducing the budget deficit.

FINANCIAL HIGHLIGHTS

| -----Rs. in millions ----- | | | |
|--------------------------------------|-----------|-----------|----------|
| Statement of Financial Position | 30-Jun-22 | 31-Dec-21 | Variance |
| Investments | 102,609 | 84,862 | 21% |
| Islamic financing and related assets | 285,173 | 225,365 | 27% |
| Total assets | 434,319 | 351,474 | 24% |
| Deposits and other accounts | 313,467 | 261,574 | 20% |
| Net equity | 28,695 | 27,567 | 5% |
| Number of branches | 235 | 235 | - |
| Profit and Loss Account | 30-Jun-22 | 30-Jun-21 | Variance |
| Profit before tax | 3,811 | 2,867 | 33% |
| Profit after tax | 2,005 | 1,756 | 14% |
| Earnings per share (Rs.) | 1.72 | 1.51 | 14% |

The Bank delivered exceptional results during the period by posting a notable increase of 33% in profit before tax for the period ended June 30, 2022. Profit after taxation was recorded at Rs. 2billion, showing a growth of 14% over the corresponding period last year. This is despite the fact that the bank had to take additional tax charge of PKR 314 million on account of 10% corporate and super tax levied on the bank income for the year 2022. Earnings per share for the current period were reported at Rs. 1.72 as against Rs. 1.51 for the corresponding period last year.

Aggregate net revenues for the current period are reported at Rs.7.94 billion, improving by 40% from Rs.5.67 billion for the corresponding period last year. The increase in net profit / return is driven by solid growth in net earning assets and increase in spread resulting from re-pricing of the asset book in line with policy rate increases during the period. Further, other income also increased during the period under review on account of increase in foreign exchange revenues by 96%. The operating expenses increase primarily reflected the impact of inflationary upsurge and Rupee devaluation, however the cost to income ratio improved to 48%.

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The Balance sheet footing grew by 24% through robust growth in financing and investment portfolio led by impressive growth in customer deposit by 20% and SBP refinance and Mudarabah facility. The non-performing financing portfolio showed a rising trend in the backdrop of challenging economic conditions and high policy rate. However, the non-performing ratio stood at 2.86%. The Bank continued to maintain a comfortable level of provision against its non-performing financing with a coverage ratio of 100%.

CREDIT RATING

VIS Credit Rating Company Limited has reaffirmed the entity rating at 'AA/A-1+' (Double A/A-one Plus) with stable outlook. The rating assigned to the Bank's Tier II Sukuk and Additional Tier I Sukuk has been reaffirmed at 'AA-' (Double A minus) and 'A+' (Single A Plus) respectively. These ratings were assigned in 2022 and represents sound performance indicators of the Bank along with strong sponsor support.

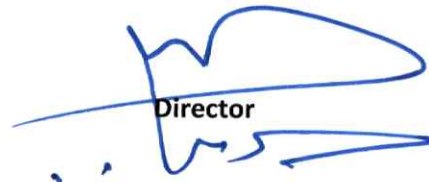
ACKNOWLEDGEMENT

We take this opportunity to express our gratitude to our customers and business partners for entrusting us with their business and to our Shareholder for its continued support and confidence. We offer sincere thanks to the State Bank of Pakistan for their proactive measures to support the economy and providing necessary guidance. We also acknowledge the efforts, commitment and dedication of our employees to serve the customers and contribute towards the growth of DIBPL.

For & on behalf of the Board of Directors;



Chief Executive Officer



Director

Dated: July 18, 2022