

Press Release:

Dubai Islamic Bank Group 1st half 2015 Financial Results

H1 2015 net profit up by 35% to AED 1,801 million

Dubai, July 29, 2015

Dubai Islamic Bank (DFM: DIB), the first Islamic bank in the world and the largest Islamic bank in the UAE by total assets, today announced its 1st half results for the period ended June 30, 2015.

H1 2015 Results Highlights:

Robust Profitability Growth:

- Group Net Profit increased to AED 1,801 million, up 35% compared with AED 1,337 million for the same period of 2014.
- Total Income increased to AED 3,625 million, up 21% compared with AED 3,004 million for the same period of 2014.
- Net Revenue increased to AED 3,166 million, up 21% compared with AED 2,607 million for the same period of 2014.
- Impairment losses declined to AED 276 million compared with AED 355 million for the same period of 2014.
- Cost to income ratio improved to 34.1% from 34.6% for the same period of 2014.
- NIM improved to 3.68% from 3.34% for the same period of 2014.

Strong growth in earning assets across all business segments

- Net financing assets at AED 87 billion, up by 18% compared to AED 74 billion at end of 2014.
- Sukuk investments at AED 18.7 billion, an increase of 16%, compared to AED 16.1 billion at end of 2014.
- Total Assets at AED 146.7 billion, an increase of 18%, compared to AED 123.9 billion at end of 2014.

Continuous improvements in asset quality

- NPLs on a consistent decline with NPL ratio improving to 6.2%, compared to 8.0% at end of 2014.
- Impaired financing ratio also improved at 5.0%, from 6.5% at end of 2014.
- Provision coverage ratio improved to 86%, compared to 78% at end of 2014.

Increasing customer's deposits

- Customer deposits reached AED 109.2 billion compared to AED 92.3 billion at end of 2014, up by 18%.
- Low cost deposits continue to remain significant with a large and stable CASA book at 42% of total deposits.

Strong capitalization and liquidity position

- Capital adequacy ratio at 17.1% vs 14.9% at end of 2014.
- Financing to deposit ratio is at 80%, one of the strongest in the market.
- Liquidity improved further with issuance of USD 750 million 5 year senior Sukuk in May 2015.

Enhancing value for shareholders

- Earnings per share increased to AED 0.41 in H1 2015 from AED 0.29 in H1 2014.
- Return on assets increased by 40 bps to 2.66% in H1 2015 from 2.26% in H1 2014.
- Return on equity increased by 201 bps to 19.8% in H1 2015 from 17.8% in H1 2014.

Management's comments on the financial performance of the financial period:

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

- *DIB's robust first half results demonstrate the bank's ability to successfully tap the emerging opportunities across the growing local and international markets providing optimal returns for its shareholders.*
- *The growth strategy that we have embarked on last year ensures that a strong performance is sustained on the back of improved macro-economic conditions within the country as well as the external markets we operate in.*

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

- *The H1 2015 results, once again demonstrate of the ability of the management to continuously deliver market beating performance.*
- *The bank continuous to support the development of national leaders through its active participation in the governments Emiratisation efforts by supporting events that provide promising opportunities and career paths for various local talents.*

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

- *The bank's solid 1st half results with a profit increase of 35% y-o-y is a testament to our commitment to progressively growing this franchise at a local and international level.*
- *Whilst I am proud of what we have achieved, I am equally pleased with how we have achieved these remarkable results. It is all about real, core business growth. It is about building an attractive proposition in a highly competitive market place.*
- *We have driven this growth through innovation that not only empowers our employees to attract business but also empowers our customers to get the best out of the bank.*
- *Our growth strategy is supported through an unyielding focus on diversification, innovation and operational improvement which has led to DIB offering a far improved and perhaps unparalleled customer experience across virtually all business and industry segments in the country.*
- *With core business growth leading to an increase of 18% in the financing book in the first six month, we expect to penetrate the market further during the year and increase DIB's share of business across banking sector in 2015.*

Financial Review

Income Statement highlights:

AED '000	Jun 2015	Jun 2014	better/(worse)
Total Income	3,625	3,004	21%
Depositors'/ Sukuk holders share of profit	(459)	(397)	(16%)
Net revenue	3,166	2,607	21%
Operating expenses	(1,080)	(902)	(20%)
Profit before impairment losses and income tax	2,086	1,705	22%
Impairment losses	(276)	(355)	22%
Income tax	(9)	(13)	31%
Net profit for the period	1,801	1,337	35%
Key Ratios			
Net Funding Income Margin %	3.68%	3.34%	0.34%
Cost to income ratio %	34.1%	34.6%	0.5%
Return on average assets %	2.66%	2.26%	0.40%
Return on average equity %	19.8%	17.8%	2.01%
EPS (AED per share)	0.41	0.29	38.2%

Total Income

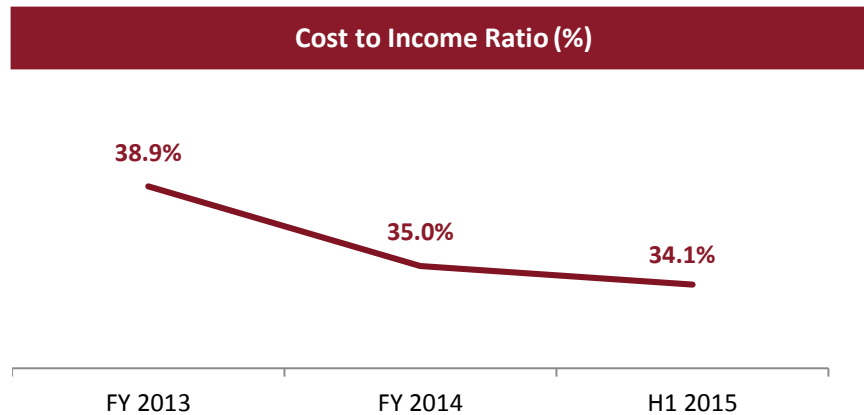
Total income for the 1st half of 2015 stood at AED 3,625 million from AED 3,004 million for the same period in 2014, an increase of 21%. The increase is due to consistent growth in core businesses across all segments. Deliberate focus on customer and multi-sector penetration has led to both consumer and corporate financing registering significant increase resulting in a rise in funded income by 25% over H1 2014. Associated fees and commissions also registered an increase of 19% to AED 630 million compared to AED 528 million for the same period of 2014.

Net revenue

- Net revenue for the period ended June 30, 2015 amounted to AED 3,166 million, an increase of 21% compared with AED 2,607 million in the same period of 2014 on the back of strong growth in core business coupled with improvement in cost of funds.
- NIM's for the first half of 2015 at 3.68%, up by 0.34% from 3.34% for the same period of last year.

Operating expenses

- Operating expenses increased by 20% to AED 1,080 million for the period ended June 30, 2015, from AED 902 million in the same period in 2014. The increase is largely attributed to variable operating cost in line with increase in business volumes and direct sales and marketing staff costs.
- Despite cost growth, the cost to income ratio improved to 34.1% on account of higher revenue growth leading to widening of cost-income jaws.



Impairment losses

Impairment losses declined to AED 276 million as of 1st half of 2015 compared with AED 355 million for the same period in 2014, a clear sign of continuous improvements in credit quality resulting in lower impairment charges and increased provision coverage to 86% without the additional comfort of the collateral held by the bank.

Profit for the period

With notable increase in net revenue and improved asset quality, the latter leading to declining impairment charges, net profit for the H1 2015, rose to AED 1,801 million from AED 1,337 million for the same period in 2014, an increase by 35%.

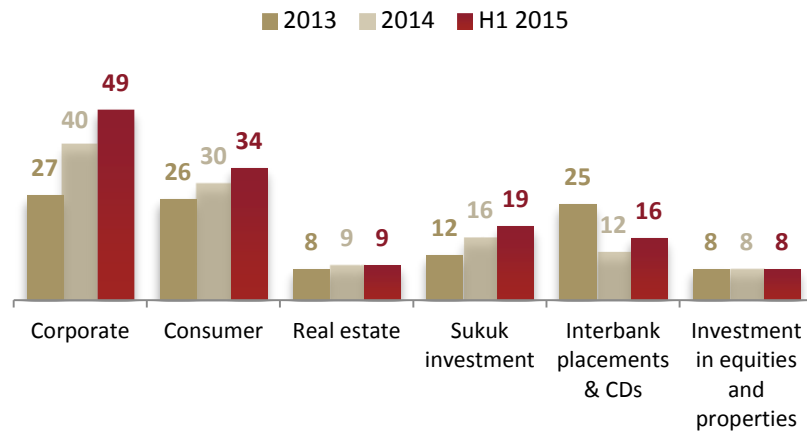
Statement of financial position highlights:

<i>AED Million</i>	Jun 2015	Dec 2014	Increase / (decrease)%
Financing assets	87,137	73,977	18%
Sukuk investments	18,672	16,119	16%
Interbank placement & CDs	16,114	12,286	31%
Equities & Properties Investments	7,629	7,463	2%
Total Earning Assets:	129,552	109,845	18%
Cash & Other assets	17,147	14,042	23%
Total assets	146,699	123,887	18%
Customers' deposits	109,158	92,345	18%
Sukuk Financing Instruments	5,602	2,847	97%
Other liabilities	7,274	7,048	3%
Interbank	3,292	3,941	(16%)
Total liabilities	125,326	106,181	18%
Total Equity & Reserve	21,373	17,706	21%
Total liabilities and equity	146,699	123,887	18%
Key ratios:			
Finance to customer deposit	79.8%	80.1%	(0.3%)
Financing (including sukuk) to customers' deposits	96.9%	97.6%	(0.7%)
Tier 1 ratio	16.8%	14.7%	2.1%
CAR	17.1%	14.9%	2.2%
Impaired ratios	5.0%	6.5%	(1.5%)
NPL ratios	6.2%	8.0%	(1.8%)
Coverage ratio	85.8%	78.1%	7.7%

Financing portfolio

- Net financing assets grew to AED 87.1 billion for the 1st half of 2015 from AED 73.9 billion as of end of 2014, an increase of 18%.
- Consumer banking gross financing assets increased by 11.4% to AED 34.1 billion for the period ended June 30, 2015, compared with AED 30.6 billion at the end of 2014.
- Corporate banking saw another strong quarter growing by 19.8% to AED 58.1 billion for the period ended June 30, 2015, compared with AED 48.5 billion at 2014 year end.

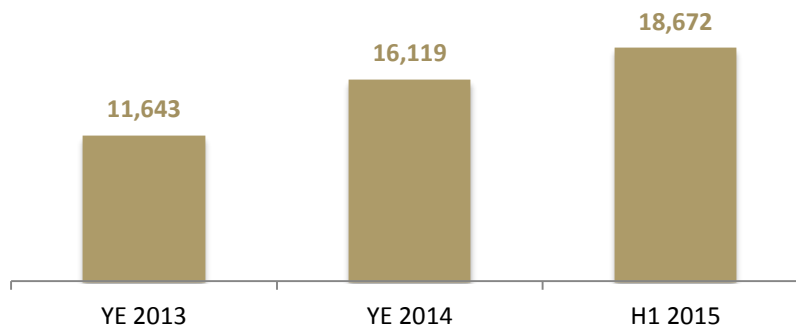
Deployment by Segment (AED bn)



Sukuk Investments

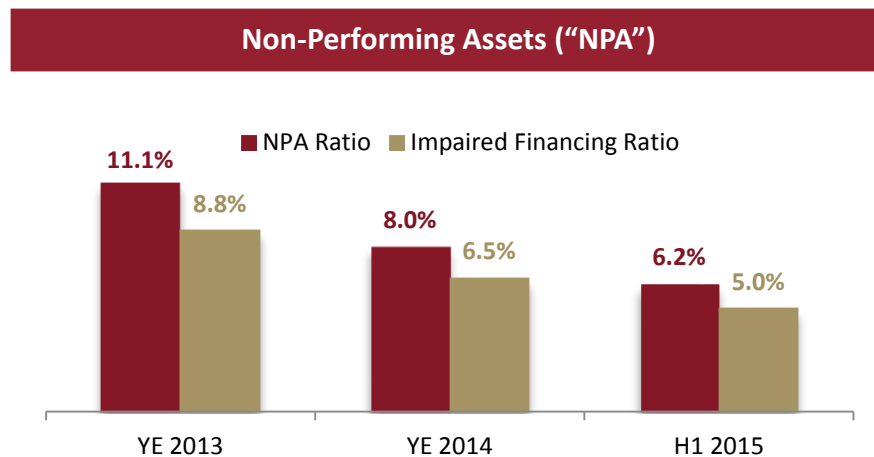
Sukuk investments increased by 16% for the period ended June 30, 2015 to AED 18.7 billion from AED 16.1 billion at end of 2014, as part of a deliberate strategy to deploy excess liquidity in higher earning assets. Primarily consisting of UAE based instruments, mostly sovereigns, the portfolio not only provides a healthy yield but can also help generate liquidity if required.

Sukuk Investments (AED million)



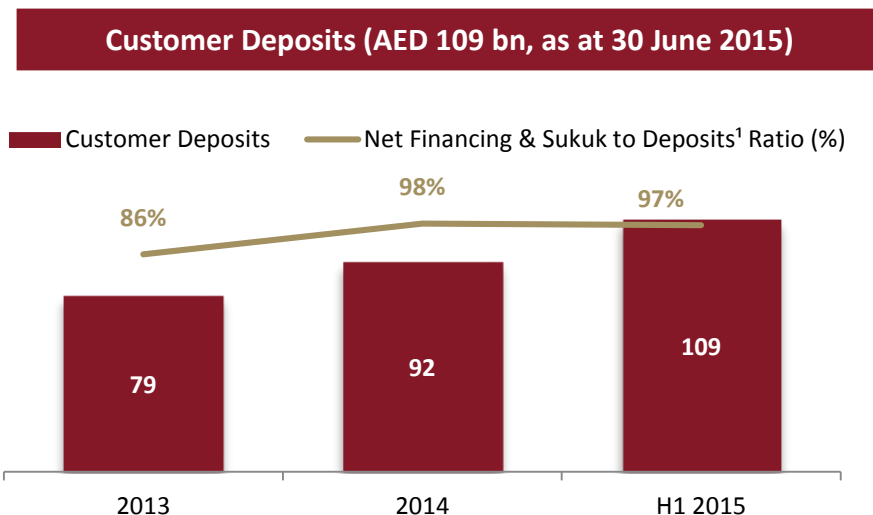
Asset Quality

- Non-performing assets have shown a consistent decline over the first half of 2015 with NPL ratio improving to 6.2%, compared with 8.0% at the end of 2014.
- Impaired financing ratio also improved to 5.0% for the period ended June 30, 2015 from 6.5% at the end of 2014, primarily because of the reduction in absolute NPLs due to settlement and recovery.
- Cash coverage ratio improved to 86% compared with 78% at end of 2014.
- Overall coverage ratio including collateral at distressed values maintained at 133%.



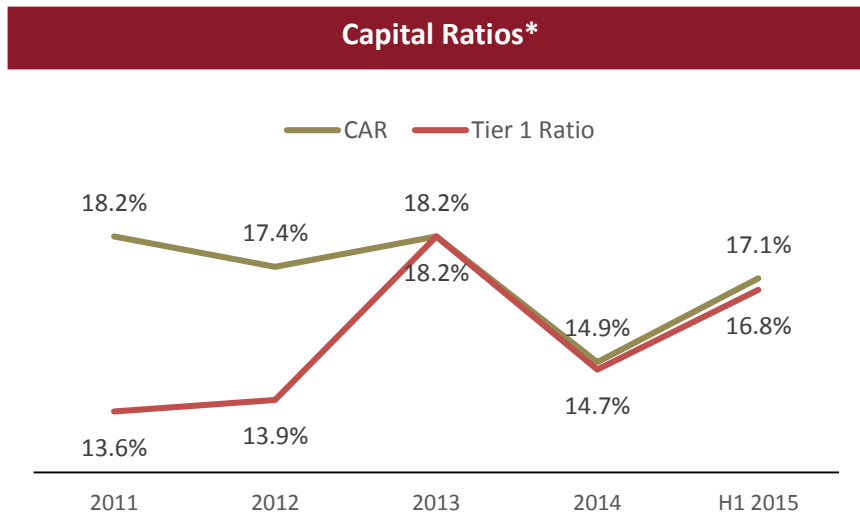
Customer Deposits

- Customer deposits for the period ended June 30, 2015 increased by 18% to AED 109.2 billion from AED 92.3 billion as of end of 2014.
- CASA continues to be a significant portion comprising 42% of total deposits, primary reason for the low cost of funds that the bank enjoys.



Capital and capital adequacy

Capital adequacy ratio stands at 17.1% as of June 30, 2015, and T1 ratio at 16.8%, both ratios being well above regulatory level.



* Regulatory Capital Requirements CAR at 12% and Tier 1 at 8%

Key highlights for the 2nd quarter of 2015:

- Following strong demand from international investors, DIB successfully priced a US \$1 billion **Tier 1** capital-eligible issuance with a perpetual (non-call 6) maturity as well as a US \$750 million **Sukuk** issuance maturing on June 2020. The issuances reflect the strong demand for the credit and confidence investors have in the institution. This also helped to significantly bolster the bank's capital adequacy and liquidity position.
- The bank continues its drive to support the government's efforts to develop national leaders as well as nurturing local talent through active participation and support to the "**Careers UAE 2015**" event held in April 2015.
- DIB Enters Top 10 Most Valuable Brands.** Dubai Islamic Bank (DIB) as brand was featured amongst the top 10 of the 50 Most Valuable brands of the UAE by Brand Finance, the world's leading brand valuation and strategy consultancy.

1st half 2015 Awards

Category		Sponsors
Jun 2015	"Best Retail Risk Management in the Middle East"	Asian Banker Middle East and Africa Country Awards 2015
Jun 2015	"Best Islamic Bank"	Banker Middle East Industry Awards 2015
	"Best Sukuk Arranger"	
	"Best Islamic Retail Bank"	
	"Best Premium Bank - UAE"	
	"Best Investment Bank"	
May 2015	"Best Islamic Card"	Banker Middle East Product Awards 2015.
	"Best GCC Equity Fund"	
May 2015	Most Established Islamic Bank- UAE	Business Excellence Awards 2015
	Islamic Bank of the Year - UAE	
Apr 2015	8th rank in the Top Indian Leaders in the Arab World	Forbes Middle East
Mar 2015	"Mudarabah Deal of the Year"	Islamic Finance News (IFN) Awards
	"Ijarah Deal of the Year"	
	"Pakistan Deal of the Year"	
Mar 2015	4th ranking amongst top 100 CEOs in the GCC region	Top CEO Awards 2015

About Dubai Islamic Bank:

Dubai Islamic Bank (DIB), established in 1975, is the first Islamic bank to have incorporated the principles of Islam in all its practices and is the largest Islamic bank in the UAE. DIB is a public joint stock company, and its shares are listed on the Dubai Financial Market. The bank enjoys a reputation as a leader and innovator in maintaining the quality, flexibility and accessibility of its products and services. The bank currently operates 90 branches in the UAE.

DIB has been proactive in creating partnerships and alliances at both the local and international level. The bank has established DIB Pakistan Limited, a wholly owned subsidiary which has a network of more than 175 branches across 56 major cities in Pakistan. DIB has also started operations in Jordan, with the establishment of Jordan Dubai Islamic Bank, and in 2014, it acquired a 24.9 percent stake in PT Bank Panin Syariah in Indonesia.



Alongside its accomplishments as a commercial organisation, DIB has always recognised its wider role in society. The bank supports the communities in which it operates through the DIB Foundation, a non-profit social, humanitarian and charitable organisation which distributes millions of dirhams to good causes at home and abroad each year.

For its contribution to both the banking industry and the wider community, DIB has earned the respect of its peers around the world. The bank's leading position has been reaffirmed by more than 165 local, regional and international accolades that it has won since 2004. DIB has won awards across diversified areas, including retail, corporate and investment banking, as well as CSR and consultancy services. ***Dubai Islamic Bank has been also declared the winner of the "Best Islamic Bank, UAE - 2014" by World Finance - Islamic Finance Awards 2014.*** DIB's notable recognitions recently included being named the "Best Regional Commercial Bank – Middle East" at the Islamic Business & Finance Awards, winning five accolades at the Banker Middle East Industry Awards 2015 as the "Best Islamic Bank"; "Best Sukuk Arranger"; "Best Islamic Retail Bank", "Best Premium Bank - UAE" and "Best Investment Bank". DIB was also recognised for its retail banking services at the Banker Middle East Product Awards 2015, where it won the accolades for "Best Islamic Card" and "Best GCC Equity Fund", ***as well as being chosen as the "Islamic Bank of the Year -UAE" and "Most Established Bank of the Year - UAE" at 2015 Business Excellence Awards for the second consecutive year. Earlier this year,*** the bank has been recognised for its expertise in arranging complex deals, winning accolades for "Murdarbah Deal of the Year"; "Ijarah Deal of the Year"; and "Pakistan Deal of the Year" at the Islamic Finance News Deal of the Year Awards 2015.

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