

Press Release:

Dubai Islamic Bank First Half 2020 Group Financial Results

- Net Financing and Sukuk investments grew by 29% YTD to over AED 237 billion.
- Liquidity remains optimal, with customer deposits growing by 26% reaching AED 207 billion.
- CASA up by 57% YTD to AED 86 billion, now forming 41% of total deposits.
- Realignment of strategy supports quality balance sheet growth during the 2nd quarter.
- Total income remains largely stable at AED 6,824 million despite headwinds.

Dubai, July 22, 2020

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

1H2020 Results Highlights:

- Total Income reached AED 6,824 million, marginally below the similar period last year, despite headwinds.
- Group Net Profit reached to AED 2,118 million during the first half of the year.
- Net financing and Sukuk investments grew to AED 237.1 billion vs AED 184.2 billion in 2019, up by 29% YTD.
- Customer deposits increased to AED 206.5 billion up by 26% YTD.
- CASA component increased to 41% from 33% in 2019 supported by strong focus on operating accounts.
- Total assets now at AED 295 billion, up by 27% YTD.
- Cost to income ratio improved to 29.4% as impact of Noor Bank integration synergies start to flow through.
- ROA is at 1.94% and ROE at 15.5%.
- Financing to deposit ratio stood at 97%.
- NPF ratio is at 4.5%.
- Overall coverage, including collateral at discounted value, stands at 114%.
- Capital adequacy ratio is at 16.7% whilst CET 1 ratio is at 12.3%.

Management's comments for the period ending 30 June 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 new UAE government structure, along with more than AED 6 billion Dubai economic stimulus measures that were unveiled by the leadership, are designed to bolster the market and boost investor confidence during and post the Covid era. As the pandemic is gradually contained, Dubai and the UAE's sustainable business growth models remain on track to lead the economic recovery in the region.*

- *During these critical times, we continue to engage effectively with all our stakeholders in order to ensure that our business operations are seamless. DIB remains focused on delivering its strategic aspirations that are primarily aimed at providing sustainable long-term returns for our valued shareholders.*

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

- *The gradual return of economic activities is a manifestation of Dubai's capabilities to withstand and address any significant global economic shocks. DIB has been able to quickly adapt to the so-called "new normal" in terms of servicing our customers via our diverse channels including the branch network and digital platforms, with minimal business disruption blended with stringent safety measures.*
- *We continue to see significant growth across our digital platforms in the online space, driven by the on-going commitment towards DIB's digital journey. Knowing that the digital economy is a critical pillar in UAE's future economic development, DIB remains focused on capturing the growth opportunities in the post-Covid era.*

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

- *2020 has turned out to be an exceptionally unusual year for the global economy thus far, due to the lingering uncertainty as to when the pandemic would materially subside. Despite everything, the year has seen us hit new milestones, with both customer financing and deposits crossing the AED 200 billion mark and the balance sheet now approaching the coveted AED 300 billion level. Whilst monitoring the situation closely, we have managed to sustain our overall business performance, thus resulting in quality growth, healthy capitalization and ample liquidity.*
- *We continue to deliver on our promise to all stakeholders, irrespective of the challenges around. The last decade has seen us align to the market factors and environmental constraints, tweaking and re-tweaking our strategy with agility and focus, to ensure business continuity and financial success, and we are confident that we will emerge even stronger from the current challenges.*
- *In a bid to realign our strategy and build on our strength in the domestic market, the quarter saw a strong advancement in our financing book of 11% QoQ, driven by our calculated focus on sovereign and related businesses. This deliberate strategy may result in a short-term dilution of margins, but we believe, will lead to a more sustainable business model, particularly given the current uncertain macro-environment, and will also help preserve the strength of our balance sheet and continue to generate stable returns in the future.*
- *On the funding side of the balance sheet, our persistent efforts to grow low cost deposits has led to CASA now reaching more than 40% of overall customer deposits, a significant increase of 57% YTD and 17% QoQ. In addition, the highly successful Sukuk issuances of USD 1.3 billion demonstrate the attractiveness of the credit and the confidence of global markets in the DIB franchise, during these unprecedented times.*
- *During the quarter, we initiated the execution phase of the Noor Bank integration program, and have successfully completed key deliverables, particularly relating to policies, operating model and data migration. The integration is on track for completion by YE2020, and we anticipate further synergies to materialize over the course of the year.*

Financial Review:

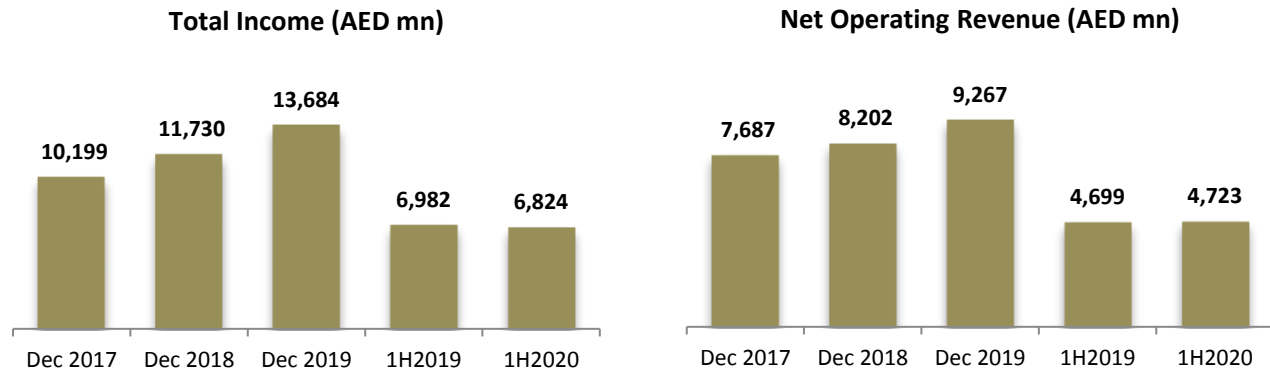
Income Statement highlights:

AED million	June 2019	June 2020	YoY Change %
Total Income	6,982	6,824	(2%)
Depositors'/ Sukuk holders share of profit	(2,282)	(2,101)	(8%)
Net Operating revenue	4,699	4,723	0.5%
Operating expenses	(1,201)	(1,470)	22%
Profit before impairment losses & income tax	3,498	3,253	(7%)
Impairment losses	(725)	(2,120)	192%
Gain on Bargain Purchase	-	1,015	100%
Income tax	(21)	(30)	44%
Net profit for the period	2,753	2,118	(23%)

Key ratios	Dec 2019	June 2020	Change
Net Profit Margin %	3.15%	2.82%	(33 bps)
Cost to income ratio %	26.9%	29.4%	250 bps
Return on average assets %	2.25%	1.94%	(31 bps)
Return on average equity %	17.1%	15.5%	(160 bps)

Income and Net Revenues

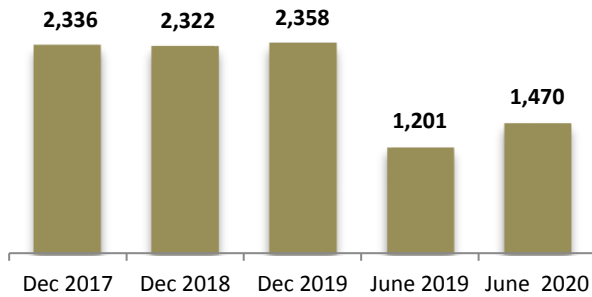
The bank's total income reached AED 6.82 billion in 1H2020 whilst net operating revenue grew to AED 4.72 billion. Despite a subdued quarter, the bank continues to deliver broadly stable total income and net operating revenues in comparison to the same period in 2019.



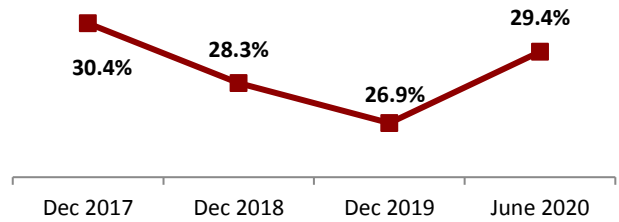
Costs

Operating expenses reached AED 1,470 million in 1H2020 against AED 1,201 million in the same period in 1H2019. The rise in expenses is attributed to the integration costs incurred in the preceding quarter as part of the acquisition exercise. Cost to income ratio stood at 29.4% in 1H2020, improved by 40 bps vs Q1 2020 (29.8%).

Operating Expenses (AED mn)



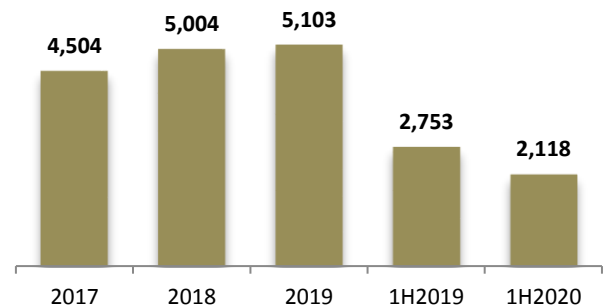
Cost to Income Ratio (%)



Net Profit

The net profit of the bank in 1H2020 reached to AED 2,118 million. Amidst a difficult quarter, DIB continues to demonstrate healthy profitability whilst ensuring prudence in growing the balance sheet. Realignment of strategy coupled with a strong pipeline is expected to support financial performance going forward.

Profitability (AED mn)



Statement of financial position highlights:

AED Million	Dec 2019	June 2020	Change YTD (%)
Net Financing and Sukuk Investments	184,157	237,099	29%
Interbank placement & CDs	16,275	27,316	68%
Equities & Properties Investments	9,788	11,484	17%
Cash & Other assets	21,576	18,898	(12%)
Total assets	231,796	294,797	27%
Customers' deposits	164,418	206,521	26%
Sukuk Financing Instruments	14,852	18,607	25%

Total liabilities	197,064	255,567	30%
Shareholder Equity & Reserve	25,565	28,240	10%
Tier 1 Sukuk	6,428	8,264	29%
Non-Controlling Interest	2,739	2,726	(0.5%)
Total liabilities and equity	231,796	294,797	27%

Key ratios:	Dec 2019	June 2020	Change
Net Financing to customer deposit	92.0%	97.0%	500 bps
CET 1 ratio	12.0%	12.3%	30 bps
CAR	16.5%	16.7%	20 bps
NPF ratio	3.9%	4.5%	60 bps
Coverage ratio	101.0%	81%	(20%)

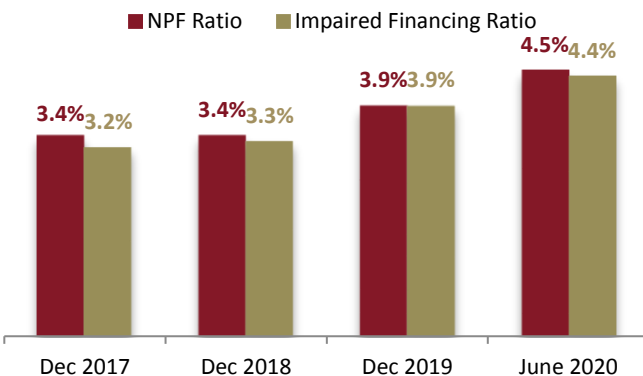
Financing and Sukuk portfolio

The net financing & Sukuk investments has now increased to AED 237.1 billion in 1H2020 from AED 184.2 billion at the end of 2019, a robust rise of 29%. Around AED 20 billion were deployed in new financing growth driven by the realignment of strategy focusing on lower risk sectors, particularly sovereigns. Gross new consumer financing amounted to AED 6.1 bn during 1H2020.

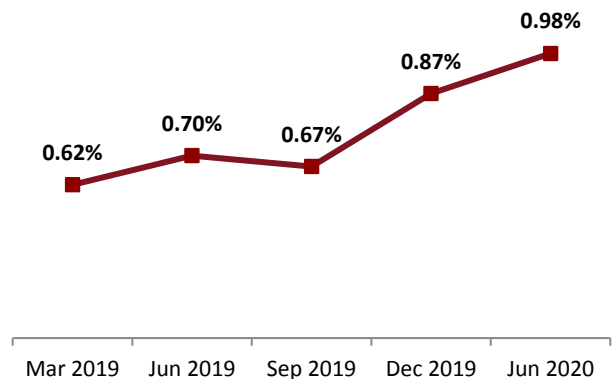
Asset Quality

Non-performing financing (NPF) ratio and impaired financing ratio stood at 4.5% and 4.4% 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 98 bps (excluding one-off charges).

NPF: Non-Performing Financing (%)



Cost of Risk (%)*



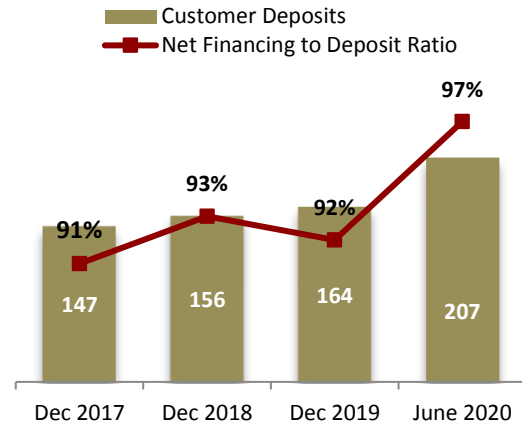
* June 2020 CoR excludes one-off charge

Customer Deposits

Customer deposits grew to AED 207 billion from AED 164 billion at year-end 2019 reflecting a growth of 26% YTD, reaffirming the bank's strength to mobilize deposits despite challenging environment.

CASA rose by nearly 57% to AED 85.7 billion, growing from AED 54.6 billion in year-end 2019 and AED 73.4 billion in Q1 2020. This currently represents about 41% of customer deposits. Net financing to deposit ratio stood at 97% signifying ample liquidity during these times.

Customer Deposits (AED bn)

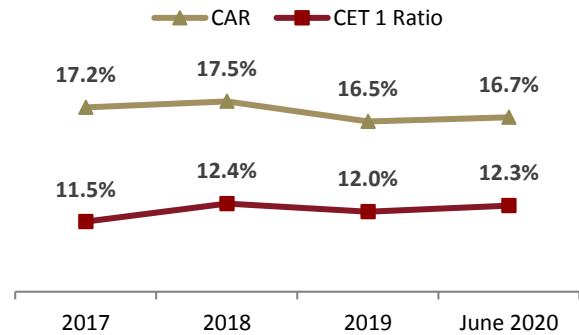


Capital Adequacy

Capital adequacy ratios remain healthy with overall CAR at 16.7% and CET 1 ratio 12.3% respectively.

Despite the relaxed capital requirements due to Covid 19 outbreak, the bank continues to have healthy capital ratios well above the regulatory thresholds.

Capital Ratios (%)



2Q2020 - Key Business Highlights:

- The bank successfully closed a USD 1 billion long 5-year Sukuk with a profit rate of 2.950% per annum. The Sukuk was a landmark transaction as the first public benchmark Sukuk from a regional financial institution after the COVID-19 market disruption. As a leading bank, DIB in effect reopened the international Islamic capital markets for FI issuers from the UAE in the post COVID-19 environment. This was followed by a USD 300 million tap issuance with a profit rate of 2.830%
- During the 1st half of 2020, DIB has arranged more than USD 19 billion in Sukuk and syndicated transactions for sovereigns, financial institutions and large corporates across the Middle East and South East Asia. These deals continue to ensure the bank's strong leadership position across Bloomberg's International Sukuk as well as the EMEA Islamic Finance league tables. In addition, the period also showcased DIB's commitment to Green initiatives by arranging a successful and highly oversubscribed 5-year green sovereign Sukuk issuance for the Government of Indonesia which also included a 10-year tranche and its first ever 30-year Sukuk issuance.

1H2020 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
		3.800	750	June 2050
DP World	Corporate	6.000	1,500	Perpetual NC 5.5yr

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

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	Overall Best 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

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.

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