Dubai Islamic Bank

“The Better Way to Bank”

Investor Relations

YE 2011
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About DIB

The world’s first Islamic Bank
Established in 1975

UAE
- 74 Branches
- Reaching 1,400,000 customers

Pakistan
- 60+ Branches in 30+ cities

Jordan
- Jordan Dubai Islamic Bank

Turkey
- DIB Representative office
| Significant government ownership – Government of Dubai 29.81% and Federal Pension Fund 4.29% | 3rd largest Islamic bank in the world and largest in the UAE | Innovators and drivers of Islamic Banking trends |
| Strong geographical coverage within UAE (branches, ATMs, internet and online, mobile banking) | Choice employer for Islamic Banking Professionals | Strong in deposits and market leader in auto finance |
| Leader in home finance and cards among Islamic banks | Only bank offering Salam (Personal Finance) proposition to individuals and consumers | Huge cross-sell opportunity to one of the largest retail and corporate customer base |
| Strong liquidity compared to peers | Qualified and Experience Staff in all segments | Strong Islamic Bank with a large and loyal customer base |
DIB Group Structure

100% owned

Strategic Stakes
## DIB’s Core Businesses

### Retail & Business Banking
- Largest business Group within DIB
- Full range of products and services
- Customer segments: Mass Affluent, HNWI, SMEs
- One of the largest Retail customer base in UAE
- Market leaders: Deposits products and Auto finance, Islamic mortgages, Islamic credit cards

### Investment Banking
- DIB Capital incorporated in Dubai International Financial Centre
- Investment banking activities such as project finance, loan syndication, capital markets, asset management and structured finance as well as Corporate Advisory Services
- Lead numerous key Islamic investment banking transaction since inception
- Global leaders in Sukuk issuance: #3 in the Bloomberg league table in 2006

### Real Estate, Contracting Finance
- Financing to contractors in the real estate, oil, gas, power and water sectors

### Corporate Banking
- Focus on Large & Middle Market
- Bankers to top corporate houses in UAE
- Financing for Trade and Manufacturing and Infrastructure
- Strong transactional banking capabilities including Cash Management, FI’s corresponding bank, etc.

### Treasury
- Foreign exchange services
- Asset-liability management
- Islamic derivatives
<table>
<thead>
<tr>
<th>Mega Deals: Capital Market Transactions</th>
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<tr>
<td><strong>$1 billion Debut Intl. Sukuk</strong></td>
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<tr>
<td><strong>$600 million Debut International Sukuk</strong></td>
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<tr>
<td>Co-Manager Jan 2005</td>
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<tr>
<td><strong>$1.5 billion Sukuk</strong></td>
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<tr>
<td>Joint Lead Manager &amp; Joint Bookrunner</td>
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<tr>
<td>June 2007</td>
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<tr>
<td><strong>AED 1.1 Billion Sukuk</strong></td>
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<td>Joint Lead Manager &amp; Bookrunner</td>
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<td>July 2008</td>
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<tr>
<td><strong>AED 1.1 Billion Sukuk</strong></td>
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<tr>
<td>Joint Lead Manager &amp; Bookrunner</td>
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<tr>
<td><strong>AED 3.75 Billion Sukuk</strong></td>
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<tr>
<td>Joint Lead Manager &amp; Bookrunner</td>
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<td>June 2008</td>
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<tr>
<td><strong>AED 3.20 Billion Sukuk</strong></td>
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<tr>
<td>Joint Lead Manager &amp; Bookrunner</td>
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<td>June 2008</td>
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<td><strong>AED 3.60 Billion Sukuk</strong></td>
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<tr>
<td>Joint Lead Manager &amp; Bookrunner</td>
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<td>May 2008</td>
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<td><strong>AED 7.50 Billion Sukuk</strong></td>
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<tr>
<td>Joint Lead Manager &amp; Bookrunner</td>
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<td>Nov 2007</td>
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<td><strong>$1 billion Debut Intl. Sukuk</strong></td>
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<tr>
<td>Mandated Lead Manager &amp; Joint Bookrunner</td>
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<td>Nov 2004</td>
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<tr>
<td>Joint Lead Manager &amp; Bookrunner</td>
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<td>Nov 2006</td>
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<tr>
<td><strong>$3.52 Billion Sukuk</strong></td>
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<tr>
<td>Joint Lead Manager &amp; Bookrunner</td>
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<td>Nov 2006</td>
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<tr>
<td><strong>$3.5 billion Sukuk</strong></td>
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<tr>
<td>Lead Manager &amp; Joint Bookrunner</td>
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<tr>
<td>June 2006</td>
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<tr>
<td><strong>$270 million Sukuk</strong></td>
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<tr>
<td>Lead Manager &amp; Joint Bookrunner</td>
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<tr>
<td>Aug 2006</td>
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<tr>
<td><strong>$550 million Sukuk</strong></td>
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<td>Mandated Lead Manager &amp; Joint Bookrunner</td>
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<td>June 2005</td>
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<tr>
<td><strong>$1.25 billion Sukuk</strong></td>
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<td>Co – Manager Jun 2007</td>
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<td><strong>$250 mn Sukuk</strong></td>
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<td>Co-Lead Manager Jun 2004</td>
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<tr>
<td><strong>$500 million Sukuk</strong></td>
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<tr>
<td>Joint Lead Manager Jun 2005</td>
</tr>
<tr>
<td><strong>$600 million Debut International Sukuk</strong></td>
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</table>
PF & Syndications Transactions

**Al Jaber Group**
- $400 million equiv.
- Dual currency Ijara Facility
- Joint Mandated Lead Arranger & Bookrunner
- April 2008

**Aluminum Bahrain**
- $150 million financing
- Co-Lead Arranger

**BAPCO – Bahrain**
- $330 million Ijara
- Mandated Lead Manager

**Bahrain**
- $150 million financing

**Dubai Ports Authority**
- $150 million financing
- Sole Lead Arranger

**Dubai**
- $2.2 billion equiv.
- Dual currency Ijara Facility
- Joint Mandated Lead Arranger & Bookrunner
- September 2011

**Dolphin Energy**
- $1 billion Ijara
- Mandated Lead Arranger & Joint Bookrunner
- August 2007

**PFZW**
- $1.25 billion
- Dual currency
- Conventional & Islamic Facility
- Joint Mandated Lead Arranger & Bookrunner
- September 2008

**PTM**
- $3.6 billion
- Islamic and Conventional syndicated financing facility
- December 2011

**Qatargas II**
- $2.35 billion
- $530 million financing
- Joint Lead Arranger
- Oct 2004

**PF & Syndications Transactions**
- $2.50 billion
- Dual currency
- Conventional & Islamic Facility
- Joint Mandated Lead Arranger & Bookrunner
- December 2004

**Tabreed, Abu Dhabi**
- $100 million Ijara
- Sole Arranger
- April 2007

**Umm Al Nar, Abu Dhabi**
- $322 million financing
- $250 million Facility
- Co-Arranger
- Dec 2004

**PFZ**
- $1.25 billion
- Dual currency
- Conventional & Islamic Facility
- Joint Mandated Lead Arranger & Bookrunner
- September 2008

**PFZW**
- $6 billion
- Dual Tranche Conventional & Islamic Murabaha Facility
- Joint Mandated Lead Arranger & Bookrunner
- September 2008

**PFZ**
- $2.2 billion equiv.
- Dual currency Ijara Facility
- Joint Mandated Lead Arranger & Bookrunner
- April 2008

**PFZ**
- $2.50 billion
- Dual currency
- Conventional & Islamic Facility
- Joint Mandated Lead Arranger & Bookrunner
- December 2004

**PFZ**
- $1.25 billion
- Dual currency
- Conventional & Islamic Facility
- Joint Mandated Lead Arranger & Bookrunner
- September 2008

**PFZ**
- $6 billion
- Dual Tranche Conventional & Islamic Murabaha Facility
- Joint Mandated Lead Arranger & Bookrunner
- September 2008

**PFZ**
- $2.2 billion equiv.
- Dual currency Ijara Facility
- Joint Mandated Lead Arranger & Bookrunner
- April 2008
Key Awards

2006
- Best Islamic Bank in the Middle East
- Best Global Sukuk House
- Euromoney Islamic Finance Award
- Best Debt House in UAE
- Euromoney Award for Excellence
- Bank of the Year (UAE)
- The Banker Awards

2007
- Best Islamic Bank in the Middle East
- and PCFC deal recognized as the Deal of the Year
- Euromoney Islamic Finance Award
- Banker Middle East Award
- Best Islamic Bank (3rd consecutive time)

2008
- Best Islamic Retail Bank
- Best Islamic Bank in the UAE
- Global Finance inaugural World’s Best Islamic Financial Institutions Awards
- Best Islamic Credit Card
- Banker Middle East Product Awards
- Best Islamic Bank
- (4th consecutive time)
- Banker Middle East Award

2009
- Best Sukuk Bank
- Best Islamic Bank in the UAE (2nd year in a row)
- Global Finance Award
- Best Wealth Management Firm
- Best Globalization Effort,
- Best Sukuk Structuring (for JAFZA Sukuk)
- Lifetime Achievement Award for Dr. Hussain
- Islamic Business & Finance Award

2010
- The Banker’s Top 500 Islamic Financial Institutions ranks DIB as No.1 in the UAE and 7th in the World (By Shaira compliant assets)
- Best Islamic Finance Bank in the UAE
- Global Finance
Key Awards - Recent

Mudaraba Deal of The Year - ENOC
AED 1.1 billion
Islamic Finance News Award

Forbes Middle East’s Credit Cards Ranking: Dubai Islamic Bank ranked No. 1 in Gold and Classic Cards Tiers and No. 2 in the Platinum Cards Tier in the UAE

2011
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Key Financials Year End 2011

Assets (USD Bln)

Net Profit (USD Mil)

Financing (USD Bln)

Deposits (USD Bln)
• Total assets grew by 7% from 2008 to 2011

• Deposits increased by 9% from 2008 to 2011

• Financing & Sukuk remained flat due to lack of demand for credit and strategy to de-risking balance sheet
Portfolio Snapshot Year End 2011

Deposit Breakdown

- Retail Banking: 72%
- Corporate Banking: 26%
- Real Estate & Contracting Finance: 2%

A large and stable deposit base providing core funding for the bank

Banking generation of UAE Nationals

Primary funding coming from retail deposits and hence well diversified

Branch expansion strategy and franchise value have been instrumental in deposit growth

The most liquid bank in the country
Portfolio Snapshot Year End 2011

Deposit by Type

- Investment Deposits 55%
- Current Accounts 28%
- Saving Accounts 17%

Large Chunk of low cost deposits (45%)

Stable deposit base

Customer loyalty reflects franchise value
Deposit Profile

(All figures in AED billion)

- Current accounts increased by 26% from 2008 to 2011
- One of the best deposit mix in the market with 44% of deposits in savings & current (low cost deposits) improved from 41% in 2008.
- One of the highest Savings account portfolio in the banking industry
The retail financing base has grown to more than a quarter of total bank financing on its own and more than a third with Tamweel mortgages consolidated.

Still significant growth opportunity in Retail through cross selling of existing and new finance products to a base of 1.4 million customers and constantly growing.

Commercial real estate financing book continues to be in a run-off mode.
• Consumer financing increased by 25% from 2008 to 2011
• Sukuk investment increased by 12% from 2008 to 2011
• Corporate and real estate financing reduced by 28% in line with de-risking strategy and lack of credit demand from corporate sector
**Impaired Financing Portfolio**

(All figures in AED billion)

- **Tamweel**
- **DIB**
- **Impaired Loans Ratio**

<table>
<thead>
<tr>
<th>Year</th>
<th>Tamweel</th>
<th>DIB</th>
<th>Impaired Loans Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>4.1%</td>
<td>2.2</td>
<td>14.5%</td>
</tr>
<tr>
<td>2009</td>
<td>6.0%</td>
<td>3.1</td>
<td>14.5%</td>
</tr>
<tr>
<td>2010</td>
<td>8.3%</td>
<td>5.0</td>
<td>14.5%</td>
</tr>
<tr>
<td>2011</td>
<td>10.0%</td>
<td>8.1</td>
<td>14.5%</td>
</tr>
</tbody>
</table>

- Increase in impaired loans is mainly due to:
  - Real Estate Financing portfolio
  - Consolidation of Tamweel
Net Profit

- **Net Profit declined from 2008 to 2010** due to:
  - Increase in provision for impairment
  - Decline in profits and losses from associates and other investments

- **Core profit increased from 2009 to 2011 by 32% due to**:
  - Growth in core revenue
  - Better cost management
Portfolio Snapshot Year End 2011

Revenue Breakdown

- **Retail Banking**: 49%
- **Commercial Real Estate & Contracting Finance**: 18%
- **Treasury**: 12%
- **Corporate Banking**: 21%

Retail focused strategy paying rich dividends

Retail focus is real visible as retail revenues has grown to almost half of the overall financing portfolio including Tamweel.

Corporate finance and corporate banking activity expected to take a more positive turn going into 2012.
### Key Performance Ratios

#### Net Spread

- 2008: 3.25%
- 2009: 3.45%
- 2010: 3.49%
- 2011: 3.47%

- Based on total profit

#### Cost vs Income

- 2008: 42%
- 2009: 40%
- 2010: 42%
- 2011: 41%

- Based on total profit

**Spread improved due to:**

- **Reduction in COF as a result of:**
  - Reduction in rates on deposits
  - Change in mix of deposits – Current & Savings increased
- **Yield on financing assets maintained despite reduction in EIBOR**
  - Change in mix of assets – Growth in Consumer financing
  - Reduction in market rates withheld from Corporate

**Cost to income ratio improved due to:**

- Cost rationalization through
  - Tamweel synergy & spare capacity redeployed in other growth areas within DIB
- Cost reduction through natural attritions
- Cutting non strategic / unproductive costs
- Effective cost controls HR/Admin. etc.
- **Core revenue improved at faster pace than cost**
ROE and ROA declined sharply from 2008 to 2010 due to:

- Increase in provision for bad debt
- Losses on equity investments

Excluding non core net losses ROE and ROA improved due to:

- Growth in core revenues due to efficient balance sheet management with improvement in margins
- Better cost management
Strong liquidity position with healthiest FDR ratio in the market:

- FRD ratio improved in 2011 due to:
  - Growth in deposits
  - Financing portfolio declined as a result of further de-risking
  - FDR ratio increased in 2010 due to consolidation of Tamweel

Capital adequacy ratio remained healthy at 18%
compared to a minimum of 12% required by CB:
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## Bank Business Strategy

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<th><strong>Employee Engagement</strong></th>
<th><strong>Brand &amp; Product Development</strong></th>
<th><strong>Business Growth</strong></th>
</tr>
</thead>
</table>
| To get close to our customers by understanding their needs, meeting their demands and delivering *exceptional levels of customer service* in order to exceed their expectations.  
*Customer Service improvement:* Focus on tangible initiatives and assign accountability. | **To ensure our people** are fully engaged and committed.  
Introduce appropriate reward, recognition and benefit packages in order to attract and retain the very best people.  
*Up-tiering/Up-skilling & Recruitment of quality personnel* | **To develop innovative Islamic financial products** and services by conducting relevant market, customer and competitor research analysis.  
Branch network expansion  
Increasing cross – sell, target ratio of +10% for each of the next three years | **Strategy for existing non-UAE franchise (Egypt, Lebanon, Sudan, Turkey, Bosnia & Pakistan)**  
Partner with regional and international banks to benefit from the increasing opportunities in Shariah compliant corporate finance deals.  
**Organic growth** forecast limited – Do we go beyond borders |
Bank Business Strategy

**Key Operation Areas**
1. Consumer Banking
2. Corporate Banking (including Real Estate & Contracting)
3. DIB Capital (Equity & Other Investments)
4. Treasury

**Strategic Initiatives**
1. Optimally grow its balance sheet and funds under management
2. Ensure superior asset allocation and diversification
3. Build strong client relationship
4. Build strong brand name
5. Build an extensive business network

**Goals**
- To become a leading regional player in retail banking services, Islamic finance and investments within 3-years
- To remain at the top of Islamic banking and Shari'ah-compliant financing in the UAE
- To maintain its position amongst the top five banks in UAE in terms of balance sheet size
- To expand the franchise to GCC with at least three new operations outside of the UAE in the next 3 years
- To become a leading innovator and top quality service provider in the GCC banking sector
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Dividend Payment History (%)

Proposed dividend of 10% for 2011
Dubai Islamic Bank

“The Better Way to Bank”

THANK YOU