

**Press Release:**

**Dubai Islamic Bank Group 1<sup>st</sup> Half 2018 Financial Results**

- **Total Income crosses AED 5.6 billion, up by 15%**
- **Group Net Profit up by 14%**
- **Robust rise of 6% in financing book and 3% in deposits ensures that growth plans remain on track following the successful rights issuance.**

**Dubai, July 18, 2018**

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 first half results for the period ending June 30, 2018.

**H1 2018 Results Highlights:**

**Earnings growth driven by strong increase in income from core businesses**

- Group Net Profit increased to AED 2,441 million, up 14% compared with AED 2,143 million for the same period in 2017.
- Total income rose to AED 5,577 million, up 15% compared with AED 4,865 million for the same period in 2017.
- Net Operating Revenue jumped to AED 4,036 million, up 10% compared with AED 3,677 million for the same period in 2017.
- Impairment losses stood at AED 392 million.
- Efficient cost management continues with cost to income ratio at 29.4%.
- Net funded income margin improved to 3.15%, now at the higher end of the guidance for the year.

**Sustained balance sheet growth**

- Net financing assets rose to AED 141.8 billion, up by 6%, compared to AED 133.3 billion at the end of 2017.

- Sukuk investments increased to AED 28.4 billion, a growth of 18%, compared to AED 24.0 billion at the end of 2017.
- Total Assets stood at AED 215.6 billion, up by 4%, compared to AED 207.3 billion at the end of 2017.

#### **Asset quality metrics in line with guidance**

- NPF ratio shows steady improvement now at 3.3%.
- Provision coverage ratio now up to 120%.
- Overall coverage, including collateral at discounted value, stands at 158%, indicating significant cushion in the balance sheet.

#### **Stable liquidity continues to be a critical driver for growth**

- Customer deposits stood at AED 151.4 billion as of H1 2018, a rise of 3% from year end 2017.
- Significant CASA proportion, constituting 39% of total deposit base, improved from 37% from year end 2017.
- Financing to deposit ratio stood at 94%, as efficiency buildup continues.

#### **Stronger capital ratios under Basel III following successful rights issuance**

- Capital adequacy ratio is at 18.3%, as against 12.4% minimum required.
- CET 1 is at 13.0%, providing significant room for growth under the new Basel III regime.

#### **Focused on long term value to shareholders**

- Earnings per share further improved to AED 0.38 in H1 2018 compared to AED 0.33 in the same period.
- Return on assets remained stable at 2.33% in H1 2018.
- Return on equity maintained around 18.8% in H1 2018.

## **Management's comments on the financial performance for the period ending June 30, 2018**

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

- *New initiatives recently announced by the UAE to fuel economic growth across various key sectors look very positive for businesses as well as the financial markets in the coming years*
- *The roll out of the new capital regulations is another solid step by regulator aimed at boosting the financial strength of the sector as a whole and to safeguard the interest of all stakeholders whilst creating new growth opportunities.*
- *The tremendous response of the shareholders to the recent capital raising via issuance of rights is a heartening sight for the Board and management. Given the issue was subscribed nearly three times clearly denotes the strong support and confidence the investors have in the franchise.*

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

- *Our stringent risk management practices and cautious approach towards lending have led to the creation of a franchise far more immune to economic volatility than ever before.*
- *The bank's investments in strengthening our digital capabilities continues with our recently enhanced web and mobile platforms aimed at providing our customers with advanced functionalities and delivering a more enriching and user-friendly experience.*
- *The reaffirmation of DIB's credit rating recently clearly indicates the robust financial position of the bank across all key financial metrics and ratios.*

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

- *2018 so far is panning out as planned with expansion across all businesses leading to core income growth as the key performance indicators remain aligned with the guidance.*
- *Overall income levels continue their northbound trajectory aided by an increase in CASA as well as expansion in net funded margin, the latter having moved towards the higher end of the guidance given earlier.*
- *Efficiency buildup remains a focus area, a fact clearly evidenced in the trends depicted in key metrics of RoE, RoA and Cost- Income ratios*
- *With international operations getting fully aligned with the DIB Group agenda, we expect the non-UAE contribution to increase over the years as we continue to spread our proven growth strategy across other markets.*
- *The recent capital increase has once again created capacity for further growth, allowing us to continue to unlock the potential that the franchise offers both in terms of financial strength and market leadership position.*
- *The stage is set for another successful year for DIB, and with the foundation laid, we will soon reveal a new direction and an expansionary agenda for the bank which will largely revolve around digitalization directed squarely at changing the way customers interact across the organization with two simple aims – Greater efficiency, Higher returns.*

## Financial Review

### *Income Statement highlights:*

<i>AED million</i>	<b>Jun 2018</b>	<b>Jun 2017</b>	<b>Change (%)</b>
<b>Total Income</b>	5,577	4,865	<b>15%</b>
<b>Depositors<sup>7</sup>/sukuk holders share of profit</b>	(1,540)	(1,189)	<b>30%</b>
<b>Net revenue</b>	4,036	3,677	<b>10%</b>
<b>Operating expenses</b>	(1,187)	(1,162)	<b>2%</b>
<b>Profit before impairment losses and income tax</b>	2,849	2,514	<b>13%</b>
<b>Impairment losses</b>	(392)	(356)	<b>10%</b>
<b>Income tax</b>	(17)	(15)	<b>11%</b>
<b>Net profit for the period</b>	2,441	2,143	<b>14%</b>
<b>Key ratios:</b>			
<b>Net Funding Income Margin %</b>	3.15%	3.15%	-
<b>Cost to income ratio %</b>	29.4%	31.6%	<b>(220 bps)</b>
<b>Return on average assets %</b>	2.33%	2.34%	<b>(1 bps)</b>
<b>Return on average equity %</b>	18.81%	18.39%	<b>42 bps</b>
<b>EPS (AED per share)</b>	0.38	0.33	<b>0.05</b>

### **Total Income**

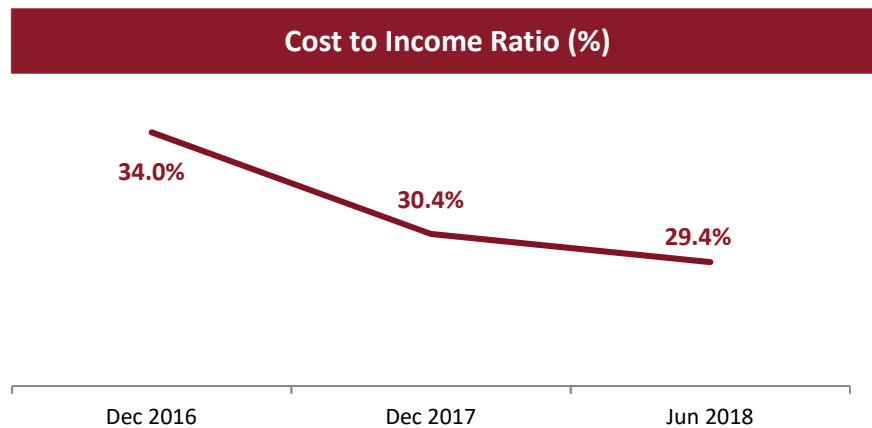
Profitability growth remains on the rise with total income increasing to AED 5,577 million compared to AED 4,865 million for the same period in 2017. The 15% increase was driven primarily by sustained growth in core businesses. Income from Islamic financing and investing transactions increased by 19% to AED 4,415 million from AED 3,713 million for the same period in 2017.

### **Net revenue**

Net revenue for the period ending June 30, 2018 amounted to AED 4,036 million, an increase of 10% compared with AED 3,677 million in the same period of 2017. Commissions and fees increased by 14% in the first half of 2018 reaching to AED 781 million.

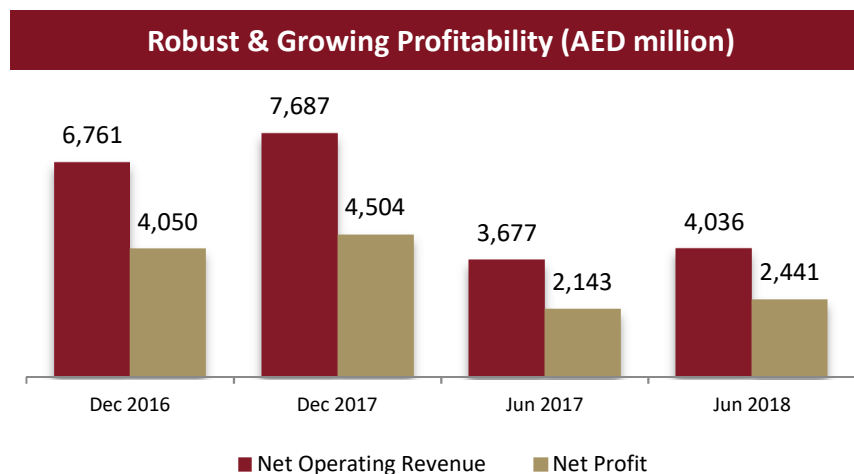
## Operating expenses

Operating expenses maintained at AED 1,187 million for the period ending June 30, 2018 compared to AED 1,162 million in the same period in 2017. As a result, cost to income ratio significantly improved to 29.4% compared to 30.4% in 2017.



## Profit for the period

Net profit for the period ending June 30, 2018, rose to AED 2,441 million from AED 2,143 million in the same period in 2017, an increase of 14%. Sustained improvements in profitability continues via the bank's consistent efforts to push for growth and manage costs across the group.

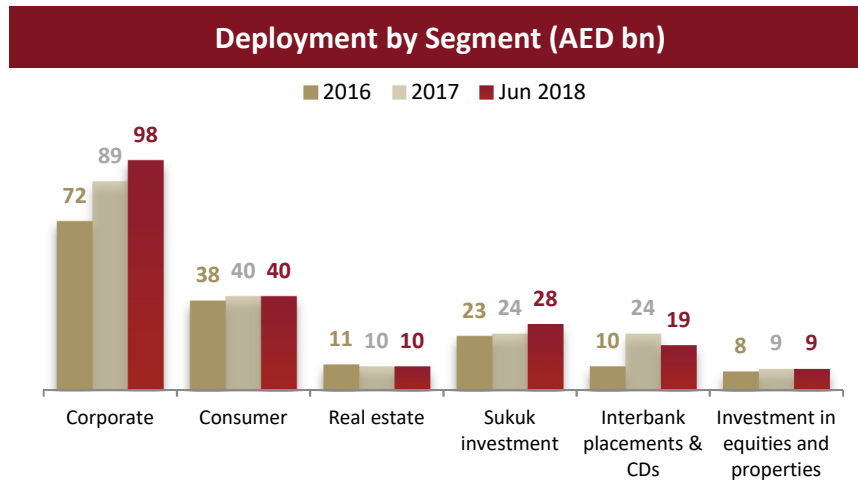


**Statement of financial position highlights:**

<b>AED Billion</b>	<b>Jun 2018</b>	<b>Dec 2017</b>	<b>Change (%)</b>
<b>Net Financing assets</b>	141,836	133,334	<b>6%</b>
<b>Sukuk investments</b>	28,448	24,023	<b>18%</b>
<b>Interbank placement &amp; CDs</b>	19,418	23,681	<b>(18%)</b>
<b>Equities &amp; Properties Investments</b>	9,100	8,942	<b>(2%)</b>
<b>Total Earning Assets</b>	<b>198,803</b>	<b>189,980</b>	<b>5%</b>
<b>Cash &amp; Other assets</b>	16,848	17,357	<b>(3%)</b>
<b>Total assets</b>	<b>215,651</b>	<b>207,337</b>	<b>4%</b>
<b>Customers' deposits</b>	151,399	147,181	<b>3%</b>
<b>Sukuk Financing Instruments</b>	12,301	8,659	<b>42%</b>
<b>Total liabilities</b>	<b>183,205</b>	<b>178,456</b>	<b>3%</b>
<b>Shareholder Equity &amp; Reserve</b>	22,467	18,592	<b>21%</b>
<b>Tier 1 Sukuk</b>	7,346	7,346	<b>-</b>
<b>Non-Controlling Interest</b>	2,633	2,943	<b>(11%)</b>
<b>Total liabilities and equity</b>	<b>215,651</b>	<b>207,337</b>	<b>4%</b>
<b>Key ratios:</b>			
<b>Net Finance to customer deposit</b>	93.7%	90.6%	<b>310 bps</b>
<b>Tier 1 ratio</b>	17.0%	16.0%	<b>100 bps</b>
<b>CAR</b>	18.3%	17.2%	<b>110 bps</b>
<b>NPF ratios</b>	3.3%	3.4%	<b>10 bps</b>
<b>Coverage ratio</b>	119.5%	117.9%	<b>160 bps</b>

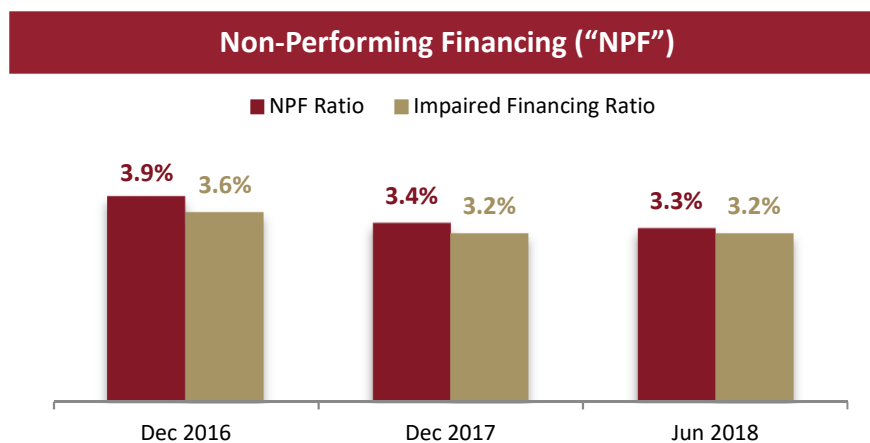
## Financing portfolio

Net financing assets grew to AED 141.8 billion for H1 2018 from AED 133.3 billion at the end of 2017, an increase of 6% as the bank continues its strong growth on the franchise. Corporate banking financing assets grew at nearly 10% to AED 98 billion whilst consumer business remained steady at AED 40 billion, supported by new financing of over AED 1.2 billion. Commercial real estate concentration remained at around 19%.



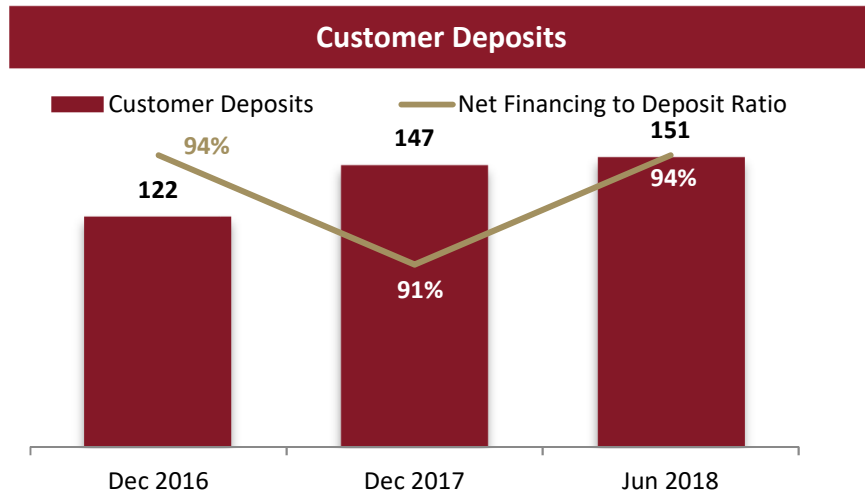
## Asset Quality

Non-performing financing ratio and impaired financing ratio improved to 3.3% and 3.2%, respectively, highlighting the quality of new underwriting. Cash coverage for the period ending June 30, 2018 stood at 120% compared with 118% at the end of 2017. Overall coverage ratio including collateral at discounted value reached 158% compared to 157% at the end of 2017.



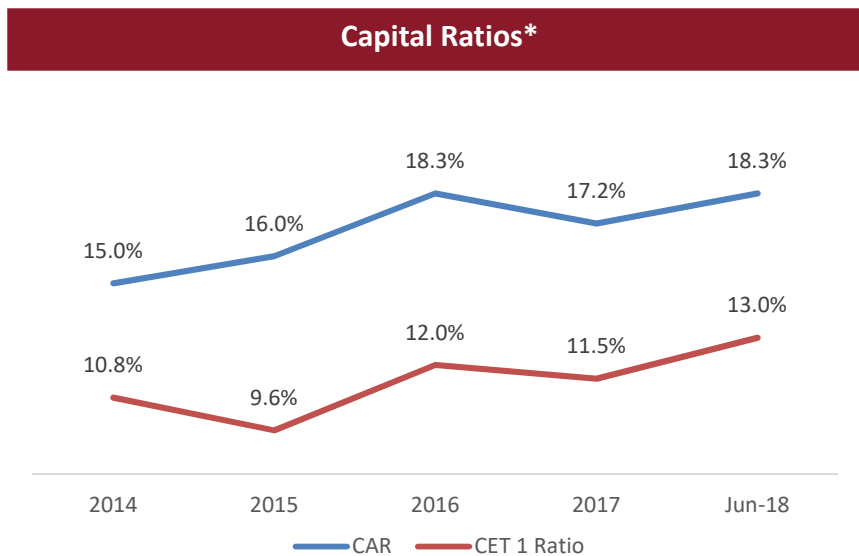
## Customer Deposits

Customer deposits for the period ending June 30, 2018 increased by 3% to AED 151 billion from AED 147 billion as at end of 2017. CASA component increased to AED 59.2 billion as of June 30, 2018, as the drive to enhance the low cost deposit base continues. Financing to deposit ratio stood at 94% as of June 30, 2018.



## Capital Adequacy

Capital adequacy ratios remained robust, with overall CAR at 18.3% as of June 30, 2018 and CET 1 ratio at 13.0%. The successful rights issuance boosted the bank's core capital metrics with the transaction generating massive interest across a highly diversified local and international investor base.



\* Above graph reflects amended prior year values under the new Basel III regime



**Ratings:**

	<b><i>Long Term Rating</i></b>	<b><i>Outlook</i></b>	<b><i>Date</i></b>
<i>Moody's Investor Service</i>	A3	Stable	June 2018
<i>Fitch Ratings</i>	A	Stable	June 2018
<i>Islamic International Rating Agency (IIRA)</i>	A/A1	Stable	November 2016

- **June 2018** – Fitch Ratings has affirmed Dubai Islamic Bank (DIB) Long-Term Issuer Default Rating (IDR) at 'A' with a Stable Outlook and Viability Rating (VR) at 'bb+' reflecting strong domestic franchise, healthy profitability and sound liquidity
- **June 2018** – Moody's publishes note on successful DIB rights issuance indicating that the capital increase is credit positive for the bank and will support the bank's liquidity, solvency as well as maintain strong and stable capital buffers over the medium term.

**Q2 2018 - Key business highlights:**

- DIB concluded its Rights Issuance during the quarter successfully raising 1.6 billion additional shares to enhance the bank's capital and continue to support on its growth plans. The transaction generated massive interest with subscriptions crossing AED 14 billion clearly denoting the huge interest from local and international investors in one of the fastest and most profitable banks in the region.
- An enhanced website platform was launched providing consumers with a more enriched and superior experience in accessing the banks products and services. In addition to enjoying a simplified layout, the site also offers advanced functionalities supported by the latest technology to deliver a more intuitive and user-friendly experience.
- The bank continues its strategy of spreading awareness and leading Islamic finance beyond UAE with participation in key summits and business forums in Tatarstan, Kazakhstan and Indonesia during the quarter.

## Year to Date key deals

SUKUK				
Issuer / Obligor Name	Issuer Type	Profit Rate (%)	Amount Issued (USD mn)	Maturity
Noor Bank	Financial Institution	4.471	500	24 Apr 2023
Sharjah Islamic Bank	Financial Institution	4.231	500	18 Apr 2023
DAMAC Real Estate Development Limited	Corporate	6.625	400	18 Apr 2023
Emirates	Corporate	4.500	600	22 Mar 2028
Dar Al-Arka	Corporate	6.875	500	21 Mar 2023
Government of Sharjah	Sovereign	4.226	1,000	14 Mar 2028
Republic of Indonesia	Sovereign	5yr: 3.750 (Green Sukuk)	1,250	01 Mar 2023
		10yr: 4.400	1,750	01 Mar 2028
Dubai Islamic Bank	Financial Institution	3.625	1,000	06 Feb 2023

CLUB/SYNDICATED TRANSACTIONS			
Obligor Name	Obligor Type / Sector	Total Amount (USD or USD eqv. in mn)	Signing Date
Emirates International Telecommunications	Corporate	615	May 2018
Al Baraka Turk	Financial Institution	319	April 2018
Meydan Group	Corporate	350	April 2018
Dubai Properties Lands	Corporate	104	March 2018
NBB Group	Corporate	150	March 2018
Ajman Bank	Financial Institution	200	March 2018
Investment Corporation of Dubai	Quasi-Sovereign	1,200	March 2018
Tecom Investments	Corporate	165	January 2018

## **2018 Industry Awards**

<b>Date</b>	<b>Award Giving Body</b>	<b>Award Received</b>
May 2018	MEA Markets - 2018 UAE Business Awards	The Bank of the Year 2018
May 2018	BME Industry Awards 2018	Best Islamic Bank
May 2018	BME Industry Awards 2018	Best Islamic Retail Bank
May 2018	BME Industry Awards 2018	Best Islamic Corporate Bank
May 2018	BME Industry Awards 2018	Best Sukuk Arranger
May 2018	BME Industry Awards 2018	CEO Award – Excellence in Global Islamic Finance and Banking awarded to Dr. Adnan Chilwan
May 2018	Forbes Middle East	Dr. Adnan Chilwan amongst "Top Indian Leaders in the Arab World 2018"
April 2018	Alleem Project Management Award 2018	Project Finance of the Year
April 2018	Global Finance – 25th Annual Best Bank Awards 2018	Best Islamic Trade Finance Provider 2018
April 2018	Dubai Service Excellence Scheme	The Widest Implementation of Happiness Meter
April 2018	Top CEO Awards - TRENDS magazine in conjunction with INSEAD Business School	Dr. Adnan Chilwan ranked 3rd highest CEO amongst top 100 CEOs in the GCC Region
April 2018	Banker Middle East Product Awards 2018	Best Co-branded Credit Card – DED-DIB Consumer Card
April 2018	Banker Middle East Product Awards 2018	Best Call Centre
April 2018	Banker Middle East Product Awards 2018	Best Home Finance - Al Islami Home Finance
April 2018	Banker Middle East Product Awards 2018	Corporate Deal of the Year
March 2018	Islamic Finance News (IFN) polls 2017	Oman Deal of the Year
March 2018	Islamic Finance News (IFN) polls 2017	Mudarabah Deal of the Year
March 2018	Islamic Finance News (IFN) polls 2017	Real Estate Deal of the Year
March 2018	Islamic Finance News (IFN) polls 2017	Bahrain Deal of the Year
March 2018	Islamic Finance News (IFN) polls 2017	Regulatory Capital Deal of the Year
March 2018	Islamic Finance News (IFN) polls 2017	UAE Deal of the Year
March 2018	Islamic Finance News (IFN) polls 2017	Syndicated Deal of the Year
March 2018	Islamic Finance News (IFN) polls 2017	Deal of the Year
March 2018	Islamic Finance News (IFN) polls 2017	Best Islamic Bank for Treasury Management
March 2018	Islamic Finance News (IFN) polls 2017	Most Innovative Islamic Bank
March 2018	Islamic Finance News (IFN) polls 2017	Best Islamic Bank in the UAE
March 2018	Islamic Finance News (IFN) polls 2017	Best Overall Islamic Bank
February 2018	EMEA Finance Middle East Banking Awards 2017	Best Sukuk House

February 2018	Service Olympian Awards 2017	Best Branches
February 2018	Service Olympian Awards 2017	Best Customer Experience Measurement
January 2018	International Finance Magazine Awards 2017	Fastest Growing Bank in the UAE

### 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 third largest Islamic bank in the world. The Bank currently operates 90 branches across the UAE, is present in seven markets worldwide and is expanding its global footprint to further grow and develop the industry. Serving close to 1.7 million customers, DIB offers its growing consumer base an increasing range of innovative Sharia compliant products and services.

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.

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. A clear indication of the bank's leadership position in the Islamic finance sector, DIB named the Best Islamic Bank in the various prestigious ceremonies. In 2017, DIB won the coveted Global Islamic Business Award in its first edition in the region and was presented to the bank during the 23<sup>rd</sup> edition of the Business Excellence Awards Ceremony.

**For more information, please visit us at [www.dib.ae](http://www.dib.ae)**

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