



بنك دبي الإسلامي  
Dubai Islamic Bank

**Press Release:**

## **Dubai Islamic Bank Group 1<sup>st</sup> Half 2016 Financial Results**

### **H1 2016 net profit up by 11% to over AED 2 billion**

**Dubai, July 27, 2016**

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, 2016.

**H1 2016 Results Highlights:**

**Resilient performance amidst market volatilities**

- Group Net Profit increased to AED 2,004 million, up 11% compared with AED 1,801 million for the same period in 2015.
- Total Income increased to AED 4,236 million, up 17% compared with AED 3,625 million for the same period in 2015.
- Net Operating Revenue increased to AED 3,356 million, up 6% compared with AED 3,166 million for the same period in 2015.
- Impairment losses declined to AED 191 million compared with AED 276 million for the same period in 2015.
- Cost to income ratio remained stable at 34.3% compared with 34.1% for the same period in 2015, in line with guidance for the year.

**Strong balance sheet driven by growth in core business activities**

- Net financing assets at AED 108.9 billion up by 12%, compared to AED 97.2 billion at the end of 2015, in line with guidance for the year.
- Sukuk investments at AED 22.8 billion, an increase of 14%, compared to AED 20.1 billion at the end of 2015.

- Total Assets at AED 172 billion, an increase of 15%, compared to AED 149.9 billion at the end of 2015.

### **Improving asset quality**

- NPLs on a consistent decline with NPL ratio improving to 4.5%, compared to 5.0% at the end of 2015.
- Provision coverage ratio improved to 100%, compared to 95% at the end of 2015. Overall coverage including collateral at discounted value now stands at 150%, compared to 147% at the end of 2015.

### **Steady growth in customer deposits**

- Customer deposits at AED 125 billion compared to AED 110 billion at the end of 2015, up by more than 13%.
- CASA book enhance to 41.3% of total deposit base compared to 40.6% at the end of 2015, despite challenging liquidity environment.

### **Maintaining strong capitalization ratios**

- Capital adequacy ratio at 18.0% as of June 2016, as against 12% minimum required.
- Tier 1 CAR stood at 17.8% against minimum requirement of 8%.
- Financing to deposit ratio is at 87% highlighting significant liquidity.

### **Enhancing value for shareholders**

- Earnings per share stood at AED 0.40 in 1H 2016.
- Return on assets is at 2.48% in 1H 2016, in line with guidance given for the year.
- Return on equity stood at 18.1% in 1H 2016, in line with guidance given for the year.

### **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:***

- *These continue to be challenging times with substantial economic impacts stemming from global events. The Brexit decision further added an air of uncertainty to the global economic scenario.*

- *DIB continues to impress with its performance as one the most attractive and profitable franchise in the country.*
- *The board and the management remain focused on effectively executing the growth strategy that not only achieves results in the short term but also builds capabilities and platform to sustain the same in the years to come.*

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

- *The bank has once again, delivered robust results during the first half of 2016 aligned with the UAE economy's resilience to the commodity prices volatility.*
- *The bank's recent capital increase via a rights issue was heavily oversubscribed denoting the strong shareholder interest in the franchise.*

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

- *DIB's performance over the last two years, despite the current economic conditions, has been remarkable to say the least. Our growth guidance was well above the market and we have managed to beat those consistently.*
- *In a challenging and highly competitive liquidity landscape, we have shown the ability to generate not just a double digit deposit growth, but also growth in the low cost funding for the bank.*
- *Whilst NIMs continue to be under pressure across the industry, DIB remains at healthy levels and at the higher end of the market, another remarkable feat and a testament to the bank's ability to generate low cost funding whilst maintaining competitive pricing on its financing book.*
- *The recent rights issuance has led to enhanced capitalization with overall CAR standing at 18%, and has created room for further advancement and penetration in existing clientele and industry sectors as we push forth our growth strategy for 2016.*
- *Given the solid performance so far and the robust balance sheet positioning, I believe that that we have the ingredients in place to navigate the economic challenges posed by the market and continue our performance leadership in line with the expectation of all our stakeholders.*

## Financial Review

### ***Income Statement highlights:***

<b>AED million</b>	<b>H1 2016</b>	<b>H1 2015</b>	<b>Change (%)</b>
Total Income	4,236	3,625	17%
Depositors'/sukuk holders share of profit	(879)	(459)	92%
Net revenue	3,356	3,166	6%
Operating expenses	(1,151)	(1,080)	7%
Profit before impairment losses and income tax	2,205	2,086	6%
Impairment losses	(191)	(276)	(31%)
Income tax	(10)	(10)	-
Net profit for the period	2,004	1,801	11%
<b>Key ratios:</b>			
	<b>H1 2016</b>	<b>H1 2015</b>	<b>Dec 2015</b>
Net Funding Income Margin %	3.18%	3.67%	3.63%
Cost to income ratio %	34.3%	34.1%	34.3%
Return on average assets %	2.48%	2.66%	2.71%
Return on average equity %	18.1%	19.5%	19.03%
EPS (AED per share)	0.40	0.41	0.81

### **Total Income**

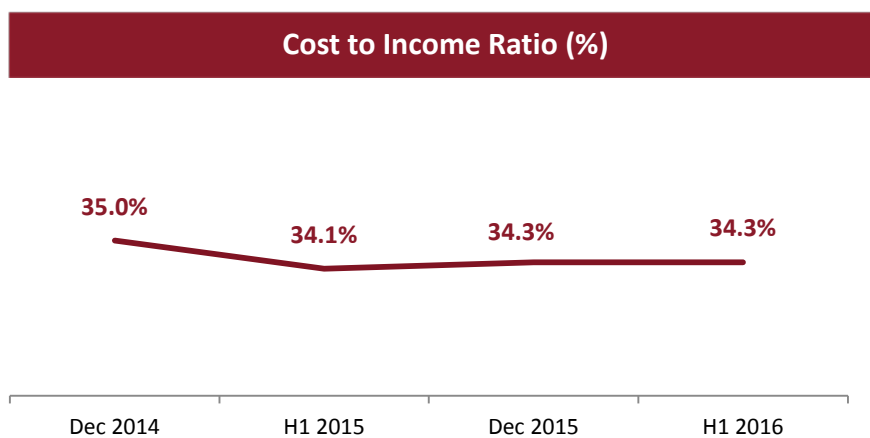
Total income for the period ended June 30, 2016 increased to AED 4,236 million from AED 3,625 million for the same period in 2015, an increase of 17% driven primarily by growth in core businesses. Income from Islamic financing and investing transactions increased by 20% to AED 3,126 million from AED 2,614 million for the same period in 2015. Fees and commissions have increased by 25% to AED 790 million compared to AED 630 million for the same period in 2015.

### **Net revenue**

Net revenue for the period ended June 30, 2016 amounted to AED 3,356 million, an increase of 6% compared with AED 3,166 million in the same period of 2015. The increase is attributed to build up of core financing assets as well as growth in commissions and fees.

### Operating expenses

Operating expenses slightly increased by 7.0% to AED 1,152 million for the period ended June 30, 2016, from AED 1,080 million in the same period in 2015. The marginal increase is primarily due to growth in operational expenses in line with increased business volume. Cost to income ratio remained stable at 34.3% compared to 34.1% for the same period in 2015, in line with guidance for the year.

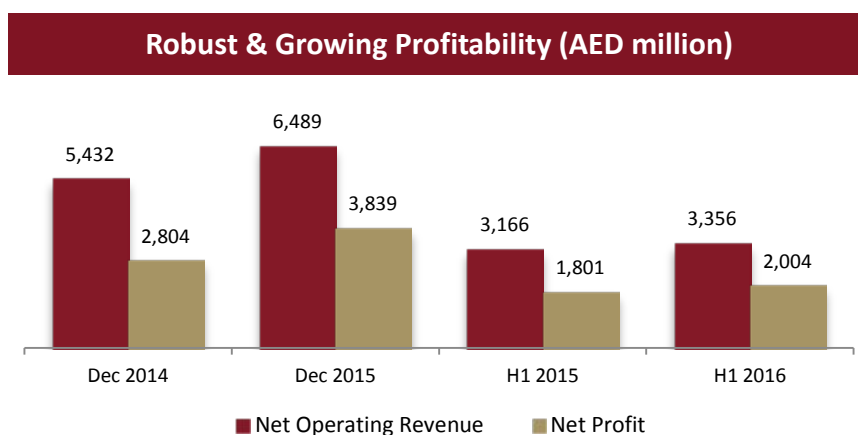


### Impairment losses

Impairment losses declined to AED 191 million compared with AED 276 million for the same period in 2015, an improvement of 31%, a clear sign of improving asset quality. With a 50 bps drop in NPL within the first half, the bank remains on target for the guidance given for the ratio for 2016.

### Profit for the period

Net profit for the period ended June 30, 2016, increased to AED 2,004 million from AED 1,801 million in the same period in 2015, an increase by 11%, stemming from higher revenues and declining impairment losses.

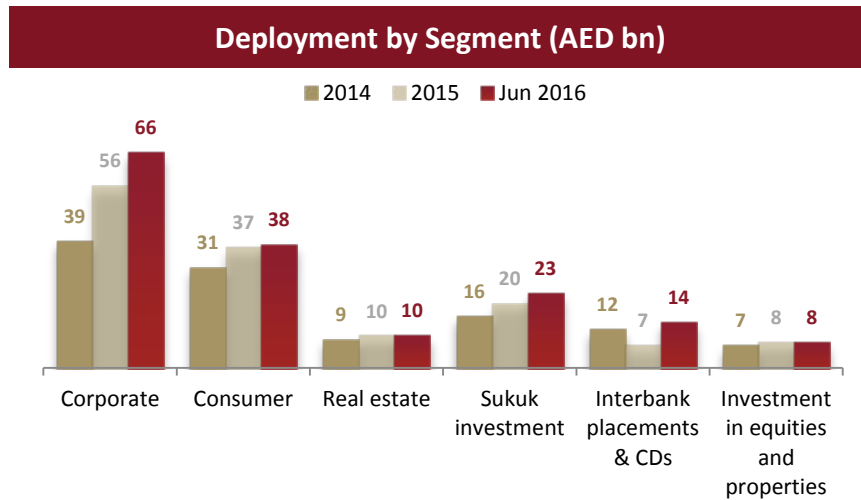


**Statement of financial position highlights:**

<b>AED Billion</b>	<b>Jun 2016</b>	<b>Dec 2015</b>	<b>Change (%)</b>
<b>Net Financing assets</b>	108,930	97,220	<b>12%</b>
<b>Sukuk investments</b>	22,845	20,066	<b>14%</b>
<b>Interbank placement &amp; CDs</b>	13,822	7,291	<b>90%</b>
<b>Equities &amp; Properties Investments</b>	8,190	8,053	<b>2%</b>
<b>Total Earning Assets</b>	<b>153,787</b>	<b>132,630</b>	<b>16%</b>
<b>Cash &amp; Other assets</b>	18,245	17,268	<b>6%</b>
<b>Total assets</b>	<b>172,032</b>	<b>149,898</b>	<b>15%</b>
<b>Customers' deposits</b>	124,618	109,981	<b>13%</b>
<b>Sukuk Financing Instruments</b>	7,438	5,602	<b>33%</b>
<b>Total liabilities</b>	<b>146,200</b>	<b>127,104</b>	<b>15%</b>
<b>Shareholder Equity &amp; Reserve</b>	15,968	13,123	<b>22%</b>
<b>Tier 1 Sukuk</b>	7,346	7,346	-
<b>Non-Controlling Interest</b>	2,518	2,325	<b>8%</b>
<b>Total liabilities and equity</b>	<b>172,032</b>	<b>149,898</b>	<b>15%</b>
<b><u>Key ratios:</u></b>			
<b>Finance to customer deposit</b>	87%	88%	<b>(1%)</b>
<b>Financing (including sukuk) to customers' deposits</b>	106%	107%	<b>(1%)</b>
<b>Tier 1 ratio</b>	17.8%	15.5%	<b>2.3%</b>
<b>CAR</b>	18.0%	15.7%	<b>2.3%</b>
<b>NPL ratios</b>	4.5%	5.0%	<b>(0.5%)</b>
<b>Coverage ratio</b>	100%	95%	<b>5%</b>

## Financing portfolio

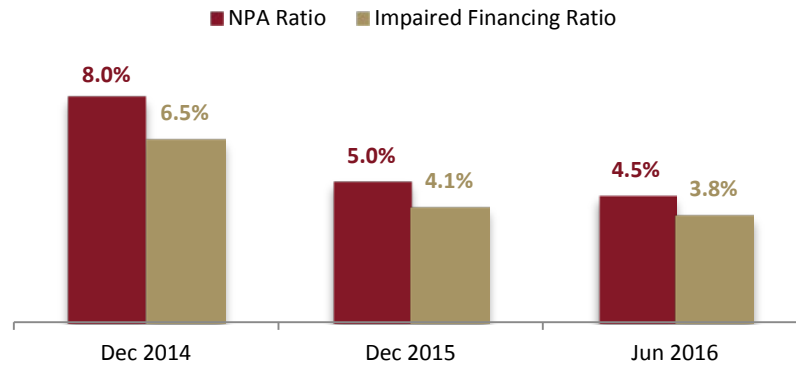
Net financing assets grew to AED 108.9 billion for the period ended June 30, 2016 from AED 97.2 billion as of end of 2015, an increase of 12%. This increase was supported by Corporate banking financing growth which rose to AED 76 bn (including commercial real estate) and Consumer Banking which grew to AED 38 bn.



## Asset Quality

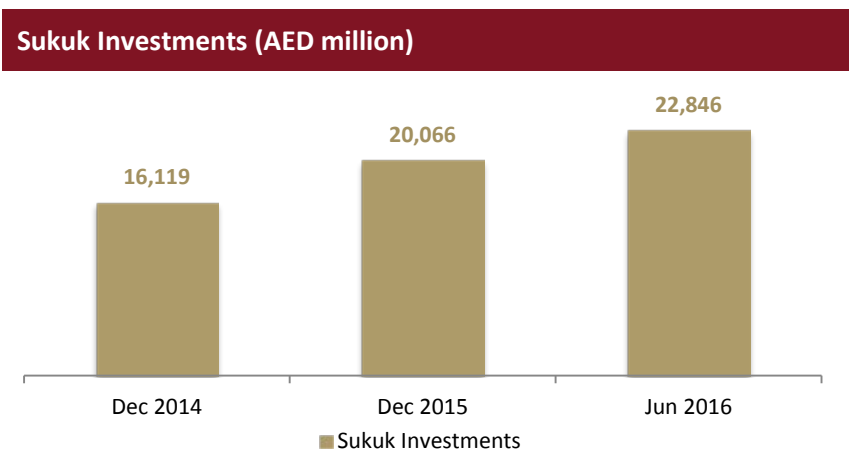
Non-performing assets have shown a consistent decline with NPL ratio improving to 4.5% for the period ended June 30, 2016, compared with 5.0% at the end of 2015. Impaired financing ratio also improved to 3.8% for the period ended June 30, 2016 from 4.1% at the end of 2015. The improving NPLs and impaired ratio is primarily driven by recoveries in legacy portfolio as well as continuous growth in the quality asset book. With continued provisions, cash coverage improved to 100% compared with 95% at end of 2015. Overall coverage ratio stood at 150% at the end of June 2016 compared to 148% at the end of December 2015.

## Non-Performing Assets ("NPA")



### Sukuk Investments

Sukuk investments increased by 14% for the period ended June 30, 2016 to AED 22.8 billion from AED 20.1 billion at end of 2015. The primarily dollar denominated portfolio consists of sovereigns and other top tier names many of which are rated, with average yield across the portfolio of over 4%.

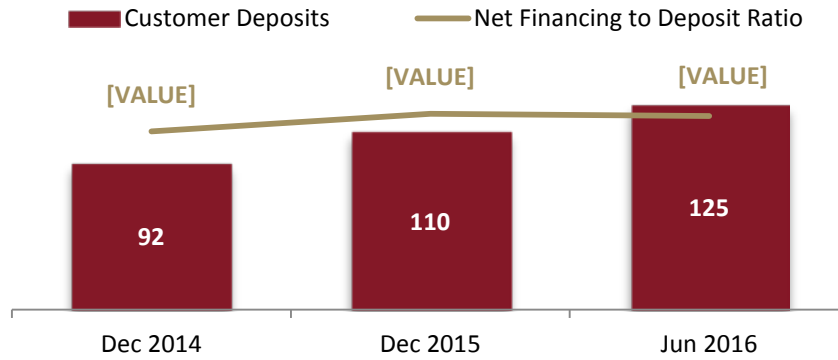


### Customer Deposits

Customer deposits for the period ended June 30, 2016 increased by 13% to AED 125 billion from AED 110 billion as of end of 2015. CASA book increased by 15% to AED 51.3 billion compared with AED 44.5 billion in 2015. Investment deposits grew by 12% for the period ended June 30, 2016 to AED 73.3 billion from AED 65.5 billion as at end 2015. Financing to deposit ratio of 87% as of June 2016 compared to 88% at the end of 2015, depicts continuing healthy liquidity.

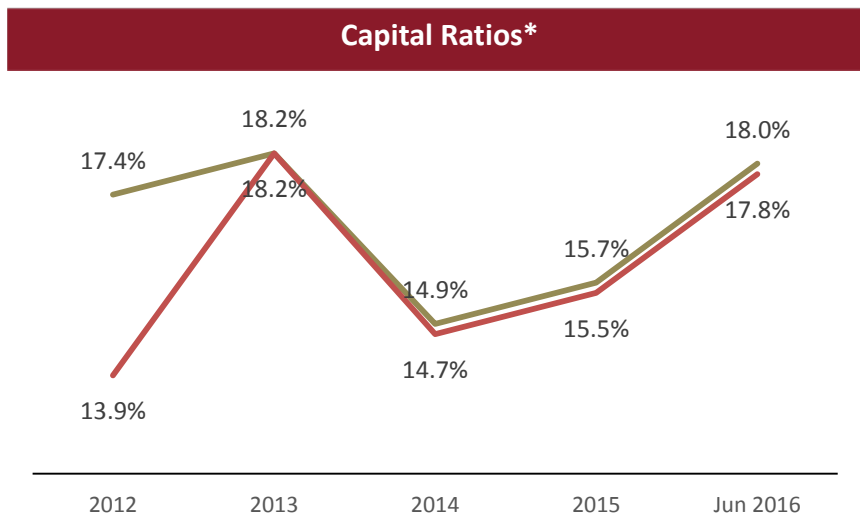






### Capital and capital adequacy

Capital adequacy ratio stands at 18.0% as of June 30, 2016, and T1 ratio at 17.8%, both ratios are well above regulatory requirement. The recent AED 3.2 bn rights issue gave a significant boost to T1 and overall CAR and was massively oversubscribed by nearly 3 times indicating continuing investor interest and faith in the bank and its management.



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

### Key business highlights for the 2<sup>nd</sup> quarter of 2016:

- Dubai Islamic Bank successfully raised additional capital through a rights issuance. The rights issue will increase the share capital of the bank to AED 4.9 billion from AED 3.9 billion and the transaction was nearly three times oversubscribed with interest coming from both existing and new investors. The increased capital will allow the bank to implement its expansion and growth plans, strengthen its capital and improve DIBs liquidity position as it continues fortify its position in the market.
- In June 2016, the Department of Economic Development (DED) in Dubai, and Dubai Islamic Bank (DIB), the largest Islamic bank in the UAE, announced the official launch of the first-ever ‘Consumer Card’ in the UAE, a co-branded credit card dedicated to protect the rights of consumers and providing them with savings on their daily purchases. The card is an addition to the partnership initiatives being launched by DED along with the private sector and to the bank’s ongoing efforts to enhance the shopping experience of consumers in Dubai, and across the UAE.
- Dubai Islamic Bank, the largest Islamic Bank in the UAE, reiterated its support for Emiratization through its participation at the 16th edition of “Careers UAE” held in May 2016, the leading national platform for both job seekers as well as employers looking for skilled and promising Emirati talent. Emiratization remains a key component of the Bank’s philosophy to promote the economic and social development of the UAE.
- DIB outlined the group’s detailed growth strategy for its franchise in Pakistan, which is an integral part of the groups’ ever-expanding global operations. A new branding and identity was unveiled reinforcing the alignment of DIB Pakistan with the group’s overall positioning.
- Some key deals / transactions for the 2<sup>nd</sup> quarter:

## SUKUK

DATE	Issuer / Obligor Name	Amount Issued (USD)	Significant milestone
MAY 2016	DP World (Tender and Issuance)	1,200,000,000	<ul style="list-style-type: none"> <li>• Largest GCC Corporate Sukuk since 2014</li> <li>• Successful return to the international Sukuk market after a 9-year hiatus</li> <li>• Sukuk issue was completed in conjunction with a tender offer</li> </ul>
MAY 2016	Emirates Islamic Bank	750,000,000	<ul style="list-style-type: none"> <li>• First issuance under the Certificate Issuance Programme</li> <li>• Second GCC FI Senior Sukuk in 2016</li> </ul>
APR 2016	Islamic Corporation for the Development of the private Sector (ICD)	300,000,000	<ul style="list-style-type: none"> <li>• ICD’s inaugural issuance in the public market</li> </ul>
MAY 2016	Boubyan Bank (Tier 1 Sukuk)	250,000,000	<ul style="list-style-type: none"> <li>• World’s first public fully Basel III-compliant Tier 1 Sukuk</li> </ul>

## SYNDICATIONS

DATE SIGNING	Issuer / Obligor Name	Facility Size (USD)	Notes
MAY 2016	Allana International Ltd	450,000,000	Joint Bookrunner
APR 2016	Sharjah Islamic Bank	265,000,000	Joint Bookrunner

## 1<sup>st</sup> half 2016 Awards

Date	Award Giving Body	Award Received
May 2016	BME Industry Awards	Best Islamic Bank
May 2016	BME Industry Awards	Best Sukuk Arranger
May 2016	BME Industry Awards	Best Islamic Retail Bank
May 2016	BME Industry Awards	Best Islamic Corporate Bank
May 2016	BME Industry Awards	Best Strategic Vision awarded – Dr. Adnan Chilwan
April 2016	Genesys-Summit Middle East Awards 2016	Best Overall Customer Experience Platform
March 2016	Banker Middle East Product Awards 2016	Best Deal of the Year
March 2016	Banker Middle East Product Awards 2016	Best Car Finance
March 2016	Banker Middle East Product Awards 2016	Best Online Service
January 2016	2016 Islamic Finance News Polls	Corporate Finance Deal of the Year
January 2016	2016 Islamic Finance News Polls	Indonesia Deal of the Year
January 2016	2016 Islamic Finance News Polls	Mudarabah Deal of the Year
January 2016	2016 Islamic Finance News Polls	Commodity Murabaha Deal of the Year
January 2016	2016 Islamic Finance News Polls	Cross Border Deal of the Year
January 2016	2016 Islamic Finance News Polls	Syndicated Deal of the Year
January 2016	2016 Islamic Finance News Polls	UAE Deal of the Year
January 2016	Gulf Customer Experience Award 2015	Best Financial / Insurance Services: Banking and Investment
January 2016	Sharjah Human Resources Department	Bank recognised for its prominent role in supporting the Government's Nationalisation efforts
January 2016	2016 Islamic Finance News Polls	Best Overall Islamic Bank
January 2016	2016 Islamic Finance News Polls	Best Islamic Bank in the UAE

## 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 200 branches across 62 major cities in Pakistan. DIB has also started operations in Jordan, with the establishment of Jordan Dubai Islamic Bank, and in 2015, it received regulatory approval to increase its shareholding in PT Bank Panin Syariah in Indonesia to 40 percent.

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 185 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 - 2016" by World Finance - Islamic Finance Awards 2016.*** DIB's notable recognitions recently included being named the "Best Retail Bank ME", "Best Corporate Bank ME", "Best Commercial Bank ME", "Best Sukuk Arranger ME" and winning "Best Sukuk Deal" award at the Islamic Business & Finance Awards 2015, in addition to receiving five accolades at the Banker Middle East Industry Awards 2015 for being named 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. Lately, Dubai Islamic Bank has been honored by Ministry of Social Affairs, with the accolade for "Private Sector First Class Category" at the Emirates Social Award, in recognition of its contribution to bolstering the social welfare of the country, whilst DIB Foundation, has been rewarded with "Private Sector Second Class Category" during the award ceremony aiming to recognize individuals, companies, private and government sector stakeholders for their commitment to developing the local community.

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