

Press Release:

Dubai Islamic Bank 1st Quarter 2020 Group Financial Results

- Total asset now at AED 276 billion, up by 19% from year end 2019.
- Financing and sukuk investments grew by 17% to nearly AED 216 billion.
- Deposits jump by 22% to nearly AED 200 billion with FDR at 90% depicting healthy liquidity.
- Net profit of over AED 1.1 billion has been achieved despite creating additional provision and buffers of nearly AED 1.5 billion.
- Robust capital position maintained with CAR at 16.5%.
- Noor Bank acquisition completed with financial consolidation.
- Foreign ownership limit increase from 25% to 40% approved by AGM.

Dubai, April 29, 2020

Dubai Islamic Bank (DFM: DIB), the largest Islamic bank in the UAE, today announced its results for the period ending March 31, 2020. DIB continues to deliver profitable results amidst an extraordinary global economic environment.

Q1 2020 results highlights:

- Total Income reached AED 3,559 million, compared to AED 3,407 million in Q1 2019.
- Group Net Profit for the quarter stood at AED 1,111 million supported by robust total income.
- The Q1 profitability has been achieved despite a deliberate, conservative and prudent approach adopted by the bank to create additional provisions and buffers of nearly AED 1.5 bln (offsetting the over a billion dirham gain on bargain purchase of Noor Bank) to manage the impact, if any, of the COVID-19 pandemic, as well as lower oil prices and interest rates.
- Cost to income ratio stood at 29.8% without synergies expected from Noor Bank acquisition yet to materialize over the course of the year.
- Net Profit Margin now at 3.00% from 3.15% in 2019 within the guidance.
- ROA and ROE stood at 2.08% and 16% respectively for the quarter.
- Net Financing & Sukuk investments rose to AED 216.2 billion, up by 17% YTD.
- Total Assets stood at AED 276.4 billion, up by 19% YTD.
- Customer deposits increased to AED 199.9 billion up by 22% YTD.
- Financing to deposit ratio stood at 90%.
- NPF ratio is at 4.3%, with cash coverage ratio at 100%.
- Overall coverage, including collateral at discounted value, stands at 138%.
- Capital adequacy ratio is at 16.5% whilst CET 1 ratio is at 12.1%

Management's comments for the period ending 31 March 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:

- Over the past few months, countries across the globe have been experiencing unprecedented times, as they come together to combat the current global pandemic. Thanks to the strong leadership of the UAE, the country has taken an inspiring and decisive approach by promptly implementing various health and safety measures as well as economic reforms to ensure that our business and services continue to operate optimally in the current environment.
- The UAE banking sector has acted quickly to provide essential support towards the banks and the customers with various relief and stimulus measures amounting to more than USD 70 bln, executed in line with regulatory guidance. At DIB, we remain committed to such initiatives undertaken by our government and continue to cooperate and work hand in hand with the appropriate authorities to protect the community and the market.

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

- Safety and security of our employees and customers remains top priority for the bank. In this respect, we have implemented a variety of measures across the organization ranging from technology based work from home platforms for staff, to creating awareness on the health and safety, to ensuring appropriate and optimal management of branches and express centers from hygiene and cleanliness perspective, all in line with guidance from authorities.
- At DIB, we believe that we are all "In It Together". Our crisis management team and the staff working from office or homes remain committed to serve the customers with minimum disruption. The foundations we laid in our digital capabilities are now being optimized for the increased on-line activities and transactions taking place and with capacity enhancements, we assure all our customers that our services remain seamless across all channels during these times.

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

- 2020 has started in a rather explosive manner. The Covid-19 pandemic is destined to create significant headwinds and force a rethinking and recalibration of our strategies. Growth, or at the very least, quantum of growth is sure to be impacted. Our focus will be more on protection and continuity of business and ensuring that the long term returns are there for all stakeholders. Difficult decisions may need to be made in the short term to ensure that we return to normalcy in the fastest possible manner.
- We have adopted a highly conservative approach to provisioning in this quarter building coverage and protection against any impacts on asset quality arising out of the current environment. Extraordinary gain and recurring profits allowed us to build further stage 1, 2 & 3 provisions adding to the management overlay totaling AED c.1.5 bln to protect the financial position of the bank from any expected impacts emanating from the pandemic, oil price volatility and low interest rate environment.
- Our strategy for 2020 will have a familiar ring for those who have seen the bank consolidate and then grow into financial powerhouse over the last decade. The leadership team at DIB is no stranger to such adverse market phenomena. It is the same team that led the bank successfully through the 2008 financial crisis and is ready to take the challenge and navigate the bank in the current economic environment as well.

- Whilst we will continue to take all necessary measures to protect the financial robustness of the DIB franchise, I am pleased to say that we have completed the acquisition of Noor Bank and the reported financials now depict a consolidated picture of the combined entity. At the same time, with the integration process currently underway, we expect the synergies to start materializing and contributing to DIB's earnings within the latter part of this year thus alleviating the pressure on P&L due to the unfriendly environment today.
- The recent shareholders' approval on the increase in FOL to 40% for DIB will have a fundamental positive impact for DIB primarily through the increased weightings in global and regional indices. This is a major milestone and a clear testament to the fact that the Board and management of DIB remain committed to the shareholders and focused on ensuring that returns continue to be optimized.

Financial Review:

Income Statement highlights:

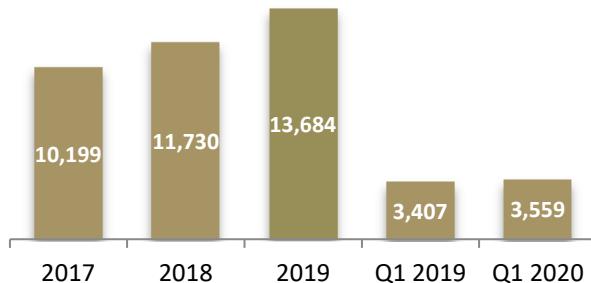
AED million	Mar 2019	Mar 2020	YoY Change %
Total Income	3,407	3,559	4%
Depositors'/ Sukuk holders share of profit	(1,100)	(1,128)	3%
Net Operating revenue	2,307	2,431	5%
Operating expenses	(599)	(839)	40%
Profit before impairment losses & income tax	1,708	1,592	(6.8%)
Extraordinary Impairment, ECL and Overlay	(347)	(1,483)	327%
Gain on Bargain Purchase	-	1,015	100%
Income tax	(6)	(13)	143%
Net profit for the period	1,355	1,111	(18%)

Key ratios	Dec 2019	Mar 2020	Change
Net Profit Margin %	3.15%	3.00%	(15 bps)
Cost to income ratio %	26.9%	29.8%	290 bps
Return on average assets %	2.25%	2.08%	(17 bps)
Return on average equity %	17%	16%	(100 bps)

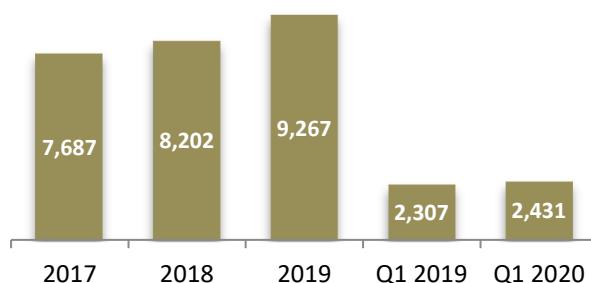
Income and Net Revenues

The bank's total income has reached AED 3.56 billion in Q1 2020 whilst net operating revenue grew to AED 2.43 billion.

Total Income (AED mn)



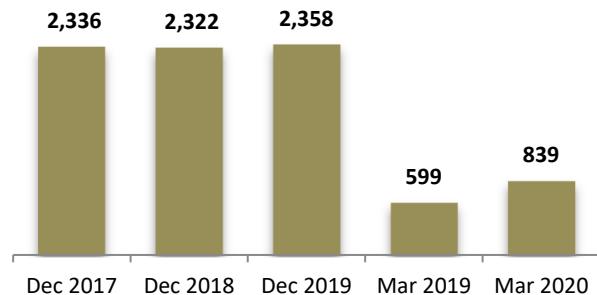
Net Operating Revenue (AED mn)



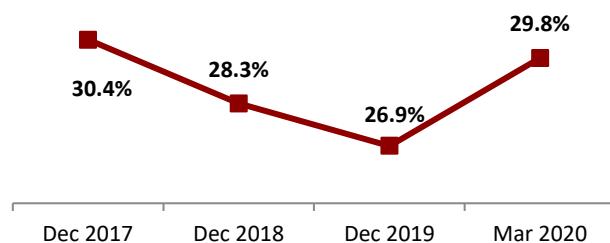
Costs

Operating expenses reached AED 839 million in Q1 2020 with the consolidation of Noor Bank against AED 599 million in the same period in Q1 2019 and cost to income ratio stood at 29.8% in Q1 2020. This does not reflect the expected synergies for Noor Bank acquisition to materialize during the course of the year.

Operating Expenses (AED mn)

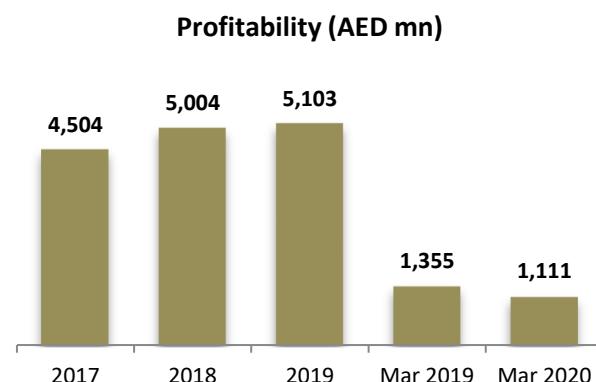


Cost to Income Ratio (%)



Net Profits

The net profits of the bank for the period Q1 2020 reached to AED 1,111 million. In line with the recent global economic events leading up to the closing of the quarter, the bank is focused on exercising prudence and building up provisions to ensure adequate cushions during these challenging times.



Statement of financial position highlights:

AED Million	Dec 2019	Mar 2020	Change YTD (%)
Net Financing and Sukuk Investments	184,157	216,167	17%
Interbank placement & CDs	16,275	24,351	50%
Equities & Properties Investments	9,788	11,336	16%
Cash & Other assets	21,575	24,567	14%
Total assets	231,796	276,421	19%
Customers' deposits	164,418	199,867	22%
Sukuk Financing Instruments	14,852	18,224	23%
Total liabilities	197,064	238,203	21%
Shareholder Equity & Reserve	25,565	27,225	6%
Tier 1 Sukuk	6,428	8,264	29%
Non-Controlling Interest	2,739	2,729	-
Total liabilities and equity	231,796	276,421	19%

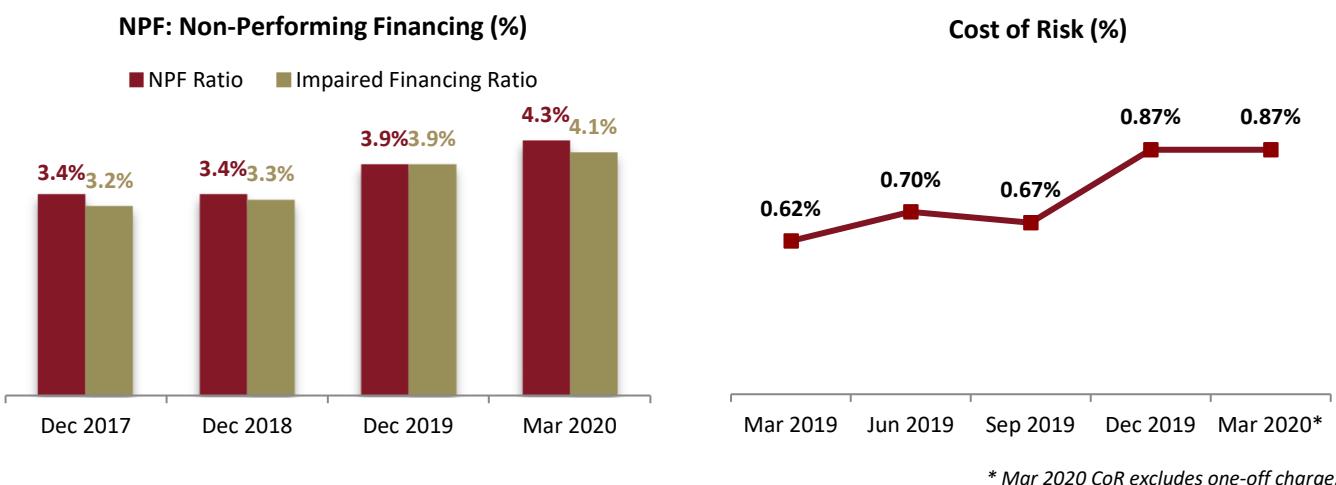
Key ratios:	Dec 2019	Mar 2020	Change
Net Financing to customer deposit	92%	90%	(170 bps)
CET 1 ratio	12.0%	12.1%	10 bps
CAR	16.5%	16.5%	-
NPF ratio	3.9%	4.3%	40 bps
Coverage ratio	101.0%	100.0%	(100 bps)

Financing and Sukuk portfolio

The net financing & sukuk investments has now increased to AED 216.2 billion in Q1 2020 from AED 184.1 billion at the end of 2019, a rise of 17%. This includes consumer financing of AED 52 billion and corporate financing of AED 133 billion.

Asset Quality

After consolidation of Noor Bank, non-performing financing (NPF) ratio and impaired financing ratio stood at 4.3% and 4.1% respectively. The slight increase in the ratios is attributed to the current macro-economic situation. Cash coverage stood at 100%, and overall coverage ratio, including collateral at discounted value reached 138%. The cost of risk of 87 bps excludes a one-off charge for additional provisions raised in line with prudent risk management practices at DIB substantially offsetting the gain on bargain purchase of Noor Bank.

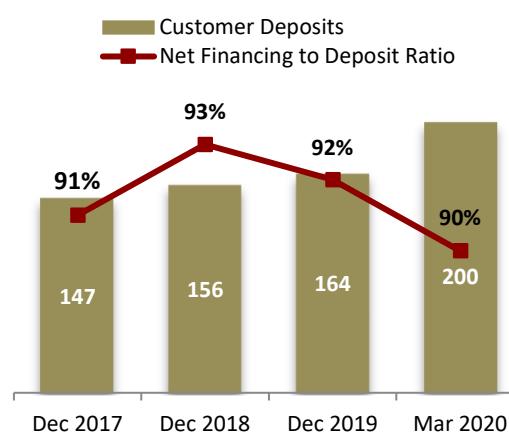


Customer Deposits

Customer deposits reached nearly AED 200 billion from AED 159 billion in Q1 2019 and AED 164 billion at year-end 2019 reflecting a growth of 26% YoY and 22% YTD.

CASA deposits now stand at AED 73.3 billion, up from AED 54.8 billion in year-end 2019. This currently represents about 37% of customer deposits. Net financing to deposit ratio stood at 90% signifying ample liquidity.

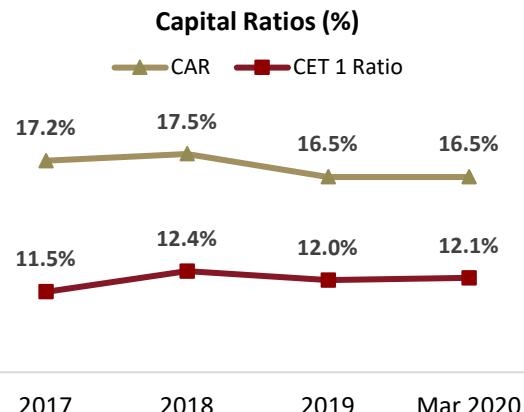
Customer Deposits (AED bn)



Capital Adequacy

Capital adequacy ratios remain healthy with overall CAR at 16.5% and CET 1 ratio 12.1% respectively.

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



Ratings:

	<i>Long Term Rating</i>	<i>Outlook</i>	<i>Date</i>
Moody's Investor Service	A3	Stable	December 2019
Fitch Ratings	A	Stable	February 2020
Islamic International Rating Agency (IIRA)	A/A1	Positive	December 2019

- **February 2020** - Fitch Ratings has also reaffirmed Dubai Islamic Bank's (DIB) Long-Term Issuer Default Rating (IDR) at 'A' with a "Stable" outlook, reflecting strong domestic franchise, healthy profitability, sound funding & liquidity and adequate capital ratios.
- **December 2019** – Moody's published a DIB credit opinion update reaffirming the bank's long term issuer rating of 'A3' along with a "Stable" outlook, reflecting the bank's strong retail franchise in the UAE, solid profitability & liquidity and stable asset quality & improved coverage levels.
- **December 2019** – Islamic International Rating Agency (IIRA) has reaffirmed ratings on Dubai Islamic Bank with international scale ratings of A/A1 with a revised outlook on the national scale ratings to 'Positive' from 'Stable'. The re-affirmed ratings from IIRA is a reflection of the bank's superior performance over the last few years supported by strong balance sheet and sustained high income generation.

Q1 2020 - Key business highlights:

- DIB has successfully concluded the acquisition of Noor Bank, through a share swap transaction. On January 2020, the bank issued 651.2 million new DIB shares, which were allocated to the strategic investors of Noor Bank. The operations of Noor Bank are being fully integrated into DIB, and this process is scheduled for completion by the end of the year.

- DIB continues to be committed to the safety and well-being of its customers and employees and has implemented significant measures in this regard, in light of the current global pandemic. The bank is encouraging customers to make full use of its digital platforms, offering a range of services at the click of a button. These include bill payments, money transfers (local and international), Salary-in-Advance, Account Opening, Personal Finance as well as new Credit Card issuance (in line with the concept of "**Banking in Minutes**," that was launched last quarter).

Furthermore, other measures that the bank has undertaken include ensuring business continuity, establishment of a crisis management team, regular communication to all customers and stakeholders and ensuring the protection of all employees and the bank's infrastructure network and offices.

- During the Annual General Meeting (AGM) held in March, the shareholders of Dubai Islamic Bank approved the dividend payout of 35 fils per share, as well as an increase in Foreign Ownership Limit in the Bank's share capital from 25% to 40%. The FOL increase is anticipated to have several benefits, such as an increased weightage in both Global and Regional Indices and expected inflows from MSCI and FTSE Emerging Market trackers further complementing shareholders returns alongside the potential synergies from Noor Bank acquisition.

Q1 2020 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

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

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 75bln and market capitalization of around USD 7bln, the group operates with a workforce of more than 9000 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 2017 and was also recently upgraded by international agencies with regards to the bank's credit rating indicating robust capital position, improving asset quality and strong profitability.

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 has been named the Best Islamic Bank in the various prestigious ceremonies. Recognizing its outstanding performance amongst the world's Islamic retail banks, the bank was recently named as the "Strongest Islamic Retail Bank in the World" during the Islamic Retail Banking Awards 2018 and "Bank of the Year 2018 – UAE" by The Banker. Reflective of its leadership in the global Islamic finance industry, DIB has also been recognized with a number of accolades including Banker Middle East Awards, Dubai Service Excellence Scheme, Global Finance, The Banker and Islamic Finance News Awards.

For more information, please visit us at www.dib.ae

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