



Press Release

Dubai Islamic Bank Group Third Quarter 2013 **Year to date net profit up by 33.5 per cent to AED 1.2 billion**

Dubai, November 11, 2013

Dubai Islamic Bank Group, the oldest Islamic bank in the world and the largest in the UAE by total assets, today announced its results for the nine-month period ended September 30, 2013.

Results Highlights

- **YTD 2013 net profit of AED 1.2 billion**, an increase of 33.5% compared to AED 899 million for YTD 2012
- **Net operating revenue of the Bank of AED 3.2 billion**, an increase of 5.6% from AED 3.0 billion for YTD 2012
- **Operating profit before impairments of AED 1.95 billion**, up 7% from YTD 2012 AED 1.83 billion
- **Total assets up 9% at AED 107.4 billion** compared to AED 98.7 billion at the end of 2012
- **Gross financing portfolio at AED 59.7 billion**, up 1.4% compared with AED 58.9 billion at the end of 2012
- **Customer deposits at AED 79.6 billion**, up 19.3% compared with AED 66.7 billion at the end of 2012
- **Financing to deposit ratio at 70%** as against 83% at the end of 2012
- **Capital adequacy ratio at 18.7%**, compared with 17.4% at end of 2012

Management's comments on the financial performance of the 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: With the continuous improvement in markets across Dubai and the UAE, DIB is ready to embark on a strong growth agenda as evidenced by the recent results. In this respect, the bank continues to be a critical pillar not only to progress the Islamic Finance agenda for the emirate of Dubai but also to promote the growth and innovation in the banking sector of UAE.

Dubai Islamic Bank Managing Director, Mr. Abdulla Al Hamli, said: Throughout the last few years of the global financial crisis, we at DIB have been preparing ourselves for the market to turnaround. I feel proud of the management and the team for the way they have worked together to successfully develop and execute the plans despite the tough economic environment and position the bank for robust and stable growth going forward.

Dubai Islamic Bank Chief Executive Officer, Dr. Adnan Chilwan, said: At DIB, our focus is to always create value for the bank's stakeholders. Hence, despite the crisis, we continued to invest and innovate to provide need-based, relevant and high quality products and services to our growing customer base while simultaneously ensuring that the bank remains profitable, thereby meeting the shareholder's expectations of consistent returns on their investment. As evidenced by the results so far

in 2013, the bank is clearly on a strong growth agenda and optimally positioned to take advantage of the positive signals emanating from the market here in Dubai and the UAE. With improved economic conditions, and given our track record, we are confident that our strategy will further enhance the franchise value ensuring that we remain aligned to our customers and shareholders expectations in 2013 and beyond.

Financial Review

Income statement highlights

AED million	YTD-13	YTD-12	Variance positive/ (negative) %
Net operating revenue	3,175	3,006	5.6%
Operating expenses	(1,221)	(1,175)	(3.9)%
Impairment loss	(751)	(922)	18.6%
Profit for the period	1,200	899	33.5%
Cost to net income ratio	38.5%	39.1%	0.6%
Net Funding Income Margin	3.4%	3.2%	0.2%
Return on average assets	1.6%	1.3%	0.3%
Return on average equity	13.1%	12.9%	0.2%

Net operating revenue

Net operating revenue for the period ended September 30, 2013 amounted to AED 3,175 million; an increase of 5.6% compared with AED 3,006 million in the same period of 2012. The increase in net operating revenue is mainly due to the rise in client activities resulting in increase in funded and transactional income, coupled with decrease in cost of deposits during the period.

Operating expenses

Operating expenses increased by 3.9% to AED 1,221 million for the period ended September 30, 2013 from AED 1,175 million in the same period in 2012 mainly due to increase in employees' expenses. However the cost to income ratio improved to 38.5% from 39.1% in the same period of 2012 due to efficient cost management approach.

Impairment losses

DIB continues to manage asset quality and non-performing assets by cautious lending and conservative provisioning approach. Although asset quality has shown improvements, the bank continued to build provisions amounting to AED 751 million during the current period with the aim to improve coverage ratios.

Profit for the period

As a result of increased core business and lower provision requirements due to improved asset quality, net profit for the period ended September 30 2013, increased to AED 1.2 billion from AED 899 million during the same period of 2012, an increase by 33.5%.

Statement of financial position highlights

AED million	Sep 2013	Dec 2012	Variance positive/ (negative) %
Cash, balances with central banks and due from banks	27,716	18,767	47.7%
Gross financing portfolio	59,725	58,882	1.4 %
Investments in Islamic sukuk	10,531	11,089	(5.0)%
Total assets	107,447	98,698	8.9%
Customer deposits	79,585	66,726	19.3%
Sukuk financing instruments and medium term wakala finance	2,807	8,427	(66.7)%
Total liabilities	91,420	86,918	5.2%
Share capital and other reserves	10,268	9,087	13.0%
Tier 1 sukuk	3,673	-	100.0%
Total equity	16,027	11,779	36.1%
Financing to Deposits Ratio	70%	83%	13%
Tier 1 Ratio	18.7%	13.9%	4.8%
Capital Adequacy Ratio (CAR)	18.7%	17.4%	1.3%
Non-performing financing assets ratio	12.6%	12.9%	0.3%

Financing portfolio and customers' deposits

Whilst gross financing portfolio as of September 30, 2013 increased by 1.4% to AED 59.7 billion from AED 58.9 billion as of December 31, 2012, strong growth in core areas of consumer and corporate businesses has been partly offset by the strategic de-risking of commercial real estate portfolio, thereby leading to better asset quality and a stronger balance sheet.

Customers' deposits as of September 30, 2013 increased by 19.3% to AED 79.6 billion from AED 66.7 billion as of December 31, 2012. The bank's ability to grow the low cost or profit-free deposits consistently is a key factor in providing DIB with one of the lowest cost of funds in the market as the CASA book now forms nearly 43% of the deposit base. The increase in deposits is principally contributed by large local companies and Government related entities tapping the capital markets earlier this year.

The significant increase in customers' deposits reduced the financing to deposits ratio from 83% as of December 31, 2012 to 70% as of September 30, 2013, decreased by 13%.

Cash, balances with central banks and due from banks

The increase in cash, balances with central banks and due from other banks is mainly due to the rise in the customers' deposits. Non-profit bearing deposits increased by 15.6% from AED 29.2 billion as of December 2012 to AED 33.8 billion as of September 2013, whereas investment deposits have surged by 22.1% from AED 37.5 billion as of December 2012 to AED 45.8 billion as of September 2013.

Strong liquidity and Capital Structure

In March 2013, the Bank successfully tapped the capital markets with a Tier 1 sukuk amounting to USD 1 billion (AED 3.7 billion) which was oversubscribed 14 times by local and international fixed income investors. This issuance improved DIB's Tier 1 Capital Adequacy Ratio to 18.7% as of September 30, 2013, positioning the bank very comfortably above the regulatory requirement in UAE.

The enhanced capital position and strong liquidity allowed the bank to early repay both the Ministry of Finance medium term wakala of AED 3.75 billion and Tamweel's financial obligations amounting to AED 3.8 billion, well ahead of scheduled maturity. These combined with the repayment of Tamweel's sukuk of AED 2.2 billion has had a significant impact in lowering the cost of fund of the bank.

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 85 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 100 branches across 36 major cities in Pakistan. DIB has also started operations in Jordan, with the establishment of Jordan Dubai Islamic Bank.

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.

DIB has earned the respect of its peers around the world for many years, and its leading position has been reaffirmed by the 106 local, regional and international accolades that it has won since 2008. DIB has won awards across diversified areas, including retail, corporate and investment banking, as well as CSR and consultancy services. The bank's most recent awards include being named "Best Islamic Retail Bank, UAE", "Best Sukuk Arranger" and "Best Islamic Credit Card" by *Banker Middle East* magazines, and being named "Best Sukuk House" by EMEA Finance Middle East Banking Awards 2012.