Press Release:

Dubai Islamic Bank Group Nine Months 2014 Results

Nine Months 2014 net profit up by 72% to AED 2,060 million

Q3 2014 net profit up 57% to AED 723 million

Dubai, October 22, 2014

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 Nine Months (9M) 2014 results for the period ended September 30, 2014.

Results Highlights

Significant enhancement in profitability stemming from growth in core business:

- 9M 2014 Net profit up 72% at 2,060 million compared with AED 1,200 million in the same period in 2013.
- Gross revenue increased by 17% to AED 4,708 million in 9M 2014 from AED 4,024 million in 9M 2013.
- Net revenue increased by 29% to AED 4,104 million in 9M 2014 from AED 3,175 million in 9M 2013 on account of the following:
    - Net funded income increased by 21% to AED 2,633 million in 9M 2014 compared to AED 2,176 million for the same period in 2013.
    - Strong growth in fee and commission income by 38% to AED 874 million in 9M 2014 compared to AED 632 million for the same period in 2013.
- Net operating profit before impairment charges increased by 34% to AED 2,615 million in 9M 2014 from AED 1,954 million in 9M 2013.
- NPLs continue to decline leading to reduced impairment losses of AED 538 million in 9M 2014 from AED 751 million in 9M 2013.
- Net funded income margin remained steady at 3.39% for the period ended September 30, 2014 compared with 3.38% for the corresponding period last year.
- Cost to income ratio improved from 38.5% to 36.3%

Strong growth in earning assets across business segments:

- Total Assets up by 13% to AED 128.5 billion at September 30, 2014 compared with AED 113.3 billion at December 31, 2013.
- Net Financing portfolio at AED 71.1 billion at September 30, 2014, an increase of 27% from AED 56.1 billion at December 31, 2013
- Investment in Sukuk increased by 29% from AED 11.6 billion at December 31, 2013 to AED 14.9 billion at September 30, 2014

Continued improvement in asset quality with increase in provision coverage

- NPLs on a consistent decline with NPL ratio improving to 8.2% at September 30, 2014 compared to 11.1% at the end of 2013
- Impaired financing ratio also improved to 6.8% at September 30, 2014 from 8.8% at the end of 2013
- Provision coverage improved to 76% at September 30, 2014 compared to 64% at the end of 2013

Strong and stable funding base with consistent growth in customers' deposits

- Customer deposits up by 21% to AED 95.5 billion at September 30, 2014 from AED 79.1 billion at December 31, 2013
- A stable low cost CASA book continues to form a significant portion of the growing deposit base, currently at 40% of overall customer deposits.

Robust Capitalization and liquidity position

- Group continues to maintain strong capital adequacy at 15.5% as at September 30, 2014.
- Current Tier 1 CAR of 15.2 % is well above the stipulated requirement of 8% and sufficient to support the existing growth agenda.
- Net Financing to deposit ratio increased to 74% at September 30, 2014 from 71% at December 31, 2013.
- Net lender of AED 19.4 billion in the interbank markets.

Enhancing value for shareholders

- Earnings per share improved by 66% to AED 0.44 in 9M 2014 from AED 0.26 in 9M 2013
- Return on assets improved by 70 bps to 2.27% in 9M 2014 from 1.55% in 9M 2013.

- Return on equity improved by 457 bps to 17.7% in 9M 2014 from 13.1% in 9M 2013.

Recent Awards

- "*Best Sukuk House*" – **EMEA Finance Middle East Banking Awards 2013.**
- "*UAE Deal of the Year*", "*Kuwait Deal of the Year*" and "*Pakistan Deal of the Year*" – **Islamic Finance News Awards 2014.**
  - USD 750 million Sukuk for Dubai DOF (UAE), USD 172 million financing for the Kharafi Group (Kuwait) and the PKR 43.01 billion Ijarah Sukuk for the Pakistan Government (Pakistan).
- "*Best Islamic Card*" for a second consecutive year and "*Best SME Card*" - **Banker Middle East Product Awards 2014.**
- *"Best Islamic Bank" and "Best Investment Bank"* **– Banker Middle East Industry Awards 2014.**
- *"Islamic Bank of the Year – UAE" and "Most Established Bank of the Year – UAE"* **– 2014 Business Excellence Awards.**

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:

- The strong positive results for the third quarter 2014 are a clear reflection of the bank's strategic shift and intense focus on growth.
- I strongly believe that DIB has just started unlocking the potential that it holds and I expect the current management and the team to spearhead the development and progress in the financial sector in the country as we move towards making Dubai the capital of the Islamic Economy.

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

- Over the last few years, we have invested significant time and money across all key areas of the bank in order to get to a platform of growth. That investment is now clearly paying off.
  The positive results you see now further reinforce our confidence in the management decisions made in the past and strengthens our belief in the ability of the team to take the franchise to even greater heights over the coming years.

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

- A few years ago, we established a roadmap aimed to completely transform the bank. Whilst driven from within, we always had the external stakeholders in our sight. Building trust was key which meant a strong focus on openness and transparency as we worked tirelessly to ensure that we stand by our commitments.
- I am extremely pleased to say that, post this complete transformation, DIB has emerged as a strong and leading player in the banking and finance sector setting the stage for future progress and growth. We have consistently performed well above the market expectations and are confident of not just sustaining but showcasing even greater achievements in the coming years.
- Global economic growth and development has seen as major shift over the last decade with Asia and in particular, Middle East, South Asia and Far East being amongst the major drivers. In most of these high growth nations, Islamic Finance is essentially being seen as a key component of economic progress and prosperity which in turn, has led to substantial enhancement of wealth across a growing population fuelling massive liquidity within the Islamic investor base.
- At DIB, we have done what we set out to do years ago through establishing a bank that caters to any customer across the varied and diverse marketplace in the UAE. Having created an "Islamic bank for all", we now want to take this concept to the entire sector at the global level.

- As the world's first Islamic bank, we set high standards for ourselves and all of us at DIB shoulder the responsibility of developing this fast growing segment into a global norm for banking and finance."

Financial Review

Income Statement highlights for the 9M ended 30 Sep 2014

AED million	Sep -14	Sep-13	better/(worse)
Total Revenue	4,708	4.024	***17%***
Depositors'/sukukholders share of profit	(604)	(849)	***(29%)***
Net revenue	**4,104**	**3,175**	***29%***
Operating expenses	(1,489)	(1,221)	***(22%)***
Profit before impairment losses and income tax	**2,615**	**1,954**	***34%***
Impairment losses	(538)	(751)	***28%***
Income tax	(17)	(3)	***-***
Net profit for the period	**2,060**	**1,200**	***72%***
Key ratios:			
Net Funding Income Margin %	3.39%	3.38%	***0.01%***
Cost to income ratio %	36.3%	38.5%	***2.2%***
Return on average assets %	2.27%	1.55%	***0.72%***
Return on average equity %	17.7%	13.1%	***4.6%***
EPS (AED per share)	**0.44**	**0.26**	***0.18***

Total revenue

Total revenue for 9M 2014 increased to AED 4,708 million from AED 4,024 million in 9M 2013, an increase of 17%. The increase is mainly due to robust growth in financing activities across both wholesale and consumer businesses alongwith rise in the quality Sukuk investment portfolio. With intensifying positive customer sentiments and the intense customer penetration drive as part of the strategy to gain market share, corporate business has seen a surge in all areas resulting in higher funded and non-funded income. Consumer banking operations continue to expand delivering strong credit and fee income growth. Overall fees and commissions have increased by 38% to AED 874 million for the 9M 2014 from

AED 635 million for the same period in 2013 largely due to a focused agenda to increase DIB's share of wallet in 2014 in both corporate and consumer banking segments.

Net revenue

Net revenue for the period ended Sept 30, 2014 amounted to AED 4,104 million; an increase of 29% compared with AED 3,175 million in the same period of 2013. The increase in net revenue is mainly due to higher total revenue coupled with savings achieved due to early settlement of high cost funding using bank's surplus liquidity. Despite intense competition and aggressive pricing seen in the market, the bank was able to maintain the net funded income margin at 3.39% by changing the mix and re-deploying liquidity in high yielding assets.

Operating expenses

Operating expenses increased by 22% to AED 1,489 million for the period ended September 30, 2014 from AED 1,221 million in the same period in 2013 in line with rise in business activities. Despite the rise in costs, the cost to income ratio improved to 36.3% from 38.5% in the same period of 2013 due to consistent increase in revenue and effective cost management.

Impairment losses

DIB continues to strengthen its balance sheet by cautious lending and conservative provisioning approach. Though asset quality has shown further improvements, the bank continued to build provision during the current period leading to a significant improvement in provision coverage ratio, which now, stands at more than 76%.

Profit for the period

With significant increase in net revenue and improved asset quality leading to declining impairment charges, net profit for the period ended September 30, 2014, increased to AED 2,060 million from AED 1,200 million during the same period of 2013, an increase by 72%.

Statement of financial position highlights:

AED Billion	Sept-14	Dec-13	Increase / (decrease)%
Financing assets	71.1	56.1	***26.8%***
Sukuk investments	14.9	11.6	***28.7%***
Interbank placement & CDs	19.4	24.6	***(21.0%)***
Equities & Properties Investments	7.0	7.8	***(10.5%)***
Total Earning Assets:	112.4	100.1	***12.4%***
Cash & Other assets	16.0	13.2	***21.0%***
Total assets	128.4	113.3	***13.4%***
Customers' deposits	95.5	79.1	***20.8%***
Sukuk Financing Instruments	2.8	2.8	**-**
Total liabilities	111.1	96.9	***14.7%***
Shareholder Equity	11.4	10.6	***7.9%***
Tier 1 Sukuk	3.7	3.7	**-**
Non-Controlling Interest	2.2	2.1	***4.8%***
Total liabilities and equity	128.4	113.3	***13.4%***
Key ratios:			
Finance to customer deposit	74%	71%	***3%***
Financing (including sukuk) to customers' deposits	90%	86%	***4%***
Tier 1 ratio	15.2%	18.2%	***(3%)***
CAR	15.5%	18.2%	***(2.7%)***
Impaired ratios	6.8%	8.8%	***(2.0%)***
NPL ratios	8.2%	11.1%	***(2.9%)***
Coverage ratio	76%	64%	***12%***

Financing portfolio

Net financing assets grew to AED 71.1 billion at September 30, 2014 from AED 56.1 billion at December 31, 2013, an increase of 27%. Consumer banking financing assets increased by 16% to AED 30.7 billion at September 30, 2014 compared with balances at December 31, 2013. Corporate banking finance grew significantly by 29% to AED 44.1 billion at September 30, 2014 compared with AED 34.2 billion at December 31, 2013.

Non-performing assets have shown a consistent decline with NPL ratio improving to 8.2% at September 30, 2014 compared to 11.1% at the end of 2013. Impaired financing ratio also improved to 6.8% in September 30, 2014 from 8.8% at the end of 2013. The reduction is mainly due to reduction in NPL coupled with increase in overall performing assets. Provision coverage improved to 76% in September 30, 2014 compared to 64.0% at the end of 2013.

Sukuk Investments

Sukuk investments increased by 29% in 9M 2014 to AED 15 billion from AED 11.6 billion at end of 2013, as a deliberate strategy divert excess liquidity to higher earning assets.

Customer Deposits

Customer deposits as of September 30, 2014 increased by 21% to AED 95.5 billion from AED 79.1 billion as of December 31, 2013. And though the customer deposits have grown, CASA continues to be a significant comprising 40% of total deposits amounting to AED 37.9 billion at September 30, 2014 compared with AED 33.8 billion at December 31, 2013.

Investment deposits have also grown by 27% in 9M 2014 to AED 57.5 billion as at September 30, 2014 from AED 45.4 billion as at 31st December 2013.

The increase in customer deposits is in line with the growth in investing and financing assets resulted maintaining financing to deposit ratio at 74.5% as of September 30, 2014.

Capital and capital adequacy

Capital adequacy ratio stood at 15.5% at the end of September 30, 2014. Tier 1 CAR remained strong at 15.2 % with both overall CAR and Tier 1 well above the required regulatory level.

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 125 branches across 40 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.

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 120 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. In addition to the "Best Islamic Bank 2013" at the Global Islamic Finance Awards, recent recognition includes being named "Best Islamic Bank" and "Best Investment Bank" at the Banker Middle East Industry Awards, "Best Sukuk House" at the EMEA Finance Middle East Banking Awards, "Best Islamic Card" and "Best SME Card" at the Banker Middle East Products Awards as well as being chosen as the "Islamic Bank of the Year –UAE" and "Most Established Bank of the Year – UAE" at 2014 Business Excellence Awards. Dubai Islamic Bank has been also declared the winner of the "Best Islamic Bank, UAE – 2014" by World Finance - Islamic Finance Awards 2014.