

**Press Release:**

**Dubai Islamic Bank 1st Quarter 2017 Net Profit reaches AED 1.042 Billion**

- Net profit up by 4% compared to same period in 2016
- Financing assets up by 6% to AED 121.4 billion
- Deposits up by 12% to AED 137.2 billion

**Dubai, April 11, 2017**

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 quarter results for the period ended March 31, 2017.

**1<sup>st</sup> Quarter Results Highlights:**

**Sustained profitability and growth**

- Group Net Profit increased to AED 1,042 million, up 4% compared with AED 1,001 million for the same period in 2016.
- Total income increased to AED 2,378 million, up 13% compared with AED 2,102 million for the same period in 2016.
- Net Operating Revenue increased to AED 1,804 million, up 7% compared with AED 1,690 million for the same period in 2016.
- Impairment losses stood at AED 169 million compared with AED 118 million for the same period in 2016.
- Cost to income ratio declined to 32.8% compared with 33.7% for the same period in 2016.
- Net funded income margin stood at 3.16% compared with 3.26% for the same period in 2016.

**Asset growth remains robust**

- Net financing assets rose to AED 121.4 billion up by 6%, compared to AED 114.9 billion at the end of 2016.

- Sukuk investments increased to AED 24.2 billion, a growth of 4%, compared to AED 23.4 billion at the end of 2016.
- Total Assets stood at AED 186.9 billion, an increase of 7%, compared to AED 174.9 billion at the end of 2016.

### **Resilient Asset Quality**

- NPA ratio continues its downward trajectory improving to 3.7%, compared to 3.9% at the end of 2016.
- Provision coverage ratio improved to 118%, compared to 117% at the end of 2016.
- Overall coverage including collateral at discounted value now stands at 160%, compared to 158% at the end of 2016.

### **Liquidity position remains strong**

- Customer deposits stood at AED 137.2 billion compared to AED 122.3 at the end of 2016, up by 12%.
- CASA constituted 37% of total deposit base.
- Financing to deposit ratio stood at 88%.

### **Robust Capitalization**

- Capital adequacy ratio remained strong standing at 16.5%, as against 12% minimum required.
- Tier 1 CAR stood at 16.1%, against minimum requirement of 8%.

### **Shareholders' return remains robust – in line with guidance for the year**

- Earnings per share stood at AED 0.16 in Q1 2017.
- Return on assets steady at 2.34% in Q1 2017.
- Return on equity stood at 18.0% in Q1 2017.

## **Management's comments on the financial performance for period ended March 31, 2017**

***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 UAE economy saw a strong start to 2017 following the stabilization of commodity prices and continuation of infrastructure spending around all key areas.
- Capitalizing on a strong beginning, all key metrics for the bank have shown robust growth, a performance that once again, puts the bank at the top end of the market.
- Whilst the UAE market continues to be the biggest contributor by far, the bank's international expansion strategy has progressed very well with the official launch of our operations in Indonesia and the recent positive developments with the regulators for our Eastern Africa ambitions.

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

- Over the last few years, we have focused on not only growing our business, but also on solidifying our position in the market.
- Today, the bank is clearly recognized as not just a leader in Islamic finance but a prominent and leading franchise within the entire banking sector in UAE.
- The bank continues to demonstrate its commitment to shareholders with solid and healthy returns emanating from growing profitability in a challenging global environment.

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

- Earlier this year, we unveiled the new Growth 2.0 strategy, effectively focused on two key areas – one, safeguard and protect the franchise we established in the first phase of growth and two, capitalize on the capacity created within the balance sheet to deliver the next stage of growth for the bank.
- Clearly our strategy built around business sustainability and growth has once again yielded strong results with core businesses providing the major impetus to robust bottom line growth.
- Liquidity continues to be a key factor in driving growth and the last quarter has once again witnessed DIB's ability to generate and mobilize deposits as needed. Though pressure may continue on cost of funding, it is expected to be relatively muted in 2017.
- With a 6 % rise in core financing assets, liquidity ratio of 88% and constantly improving asset quality, DIB is very well positioned to further penetrate and increase the share of wallet in its existing operative segments whilst simultaneously capturing new businesses and acquiring new clientele from across the entire banking sector in UAE.

## Financial Review

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

| <b><i>AED million</i></b>                             | <b>Mar 2017</b> | <b>Mar 2016</b> | <b>Change (%)</b> |
|-------------------------------------------------------|-----------------|-----------------|-------------------|
| <b>Total Income</b>                                   | 2,378           | 2,102           | <b>13%</b>        |
| <b>Depositors'/sukuk holders share of profit</b>      | (574)           | (412)           | <b>39%</b>        |
| <b>Net revenue</b>                                    | 1,804           | 1,690           | <b>7%</b>         |
| <b>Operating expenses</b>                             | (592)           | (567)           | <b>4%</b>         |
| <b>Profit before impairment losses and income tax</b> | 1,212           | 1,123           | <b>8%</b>         |
| <b>Impairment losses</b>                              | (169)           | (118)           | <b>(43%)</b>      |
| <b>Income tax</b>                                     | (1)             | (4)             | <b>75%</b>        |
| <b>Net profit for the period</b>                      | 1,042           | 1,001           | <b>4%</b>         |
|                                                       |                 |                 |                   |
| <b><u>Key ratios:</u></b>                             | <b>Mar 2017</b> | <b>Mar 2016</b> | <b>Change</b>     |
| <b>Net Funding Income Margin %</b>                    | 3.16%           | 3.26%           | <b>(0.10%)</b>    |
| <b>Cost to income ratio %</b>                         | 32.8%           | 33.7%           | <b>(0.90%)</b>    |
| <b>Return on average assets %</b>                     | 2.34%           | 2.55%           | <b>(0.21%)</b>    |
| <b>Return on average equity %</b>                     | 18.0%           | 17.7%           | <b>0.30%</b>      |
| <b>EPS (AED per share)</b>                            | 0.16            | 0.15            | <b>0.01</b>       |

### **Total Income**

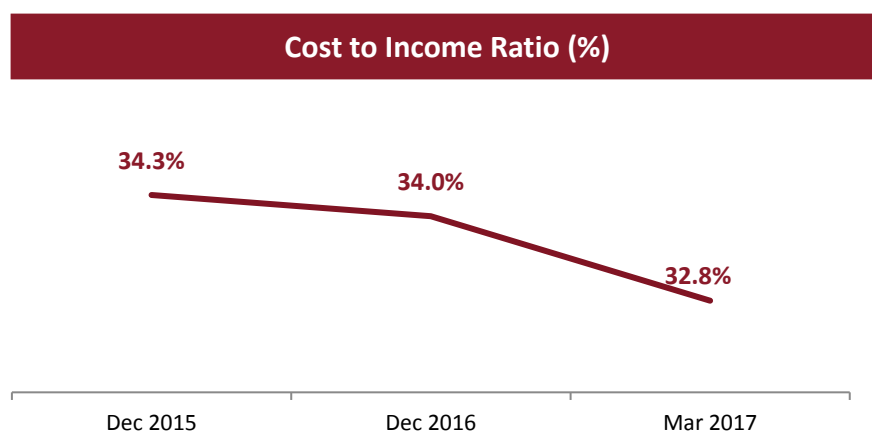
Profitability remained strong despite challenging economic environment. Total income for the period ended March 31, 2017 increased to AED 2,378 million from AED 2,102 million for the same period in 2016, an increase of 13% driven primarily by sustained growth in core businesses. Income from Islamic financing and investing transactions increased by 17% to AED 1,805 million from AED 1,542 million for the same period in 2016.

## Net revenue

Net revenue for the period ended March 31, 2017 amounted to AED 1,804 million, an increase of 7% compared with AED 1,690 million in the same period of 2016. The increase is attributed to strong growth in the financing book of the bank with a significant portion coming from wholesale business.

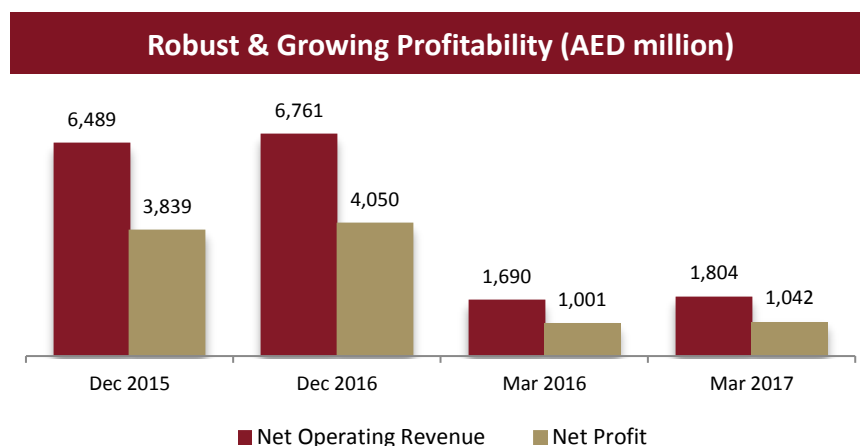
## Operating expenses

Operating expenses were marginally up by 4.0% to AED 592 million for the period ended March 31, 2017 compared to AED 567 million in the same period in 2016. However, cost to income ratio improved to 32.8% compared to 33.7% for the same period in 2016 indicating continuous widening jaws and improved efficiencies.



## Profit for the period

Net profit for the period ended March 31, 2017, rose to AED 1,042 million from AED 1,001 million in the same period in 2016, an increase by 4% depicting robust profitability growth.

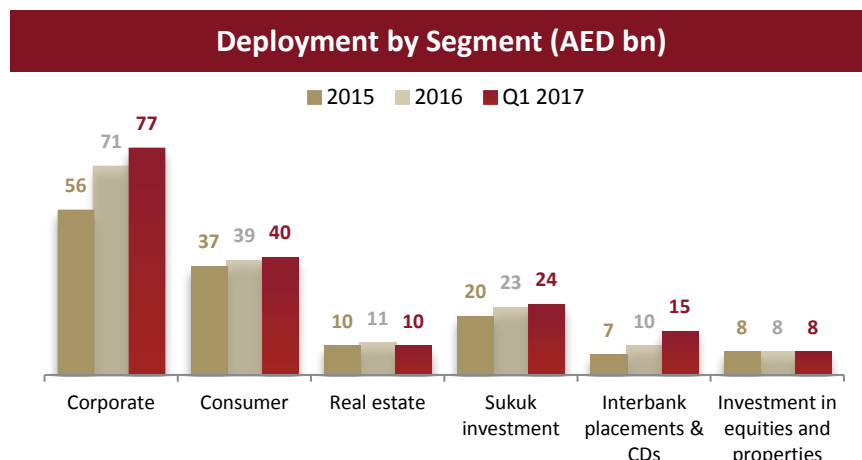


### Statement of financial position highlights:

| AED Billion                             | Mar 2017       | Dec 2016       | Change (%)    |
|-----------------------------------------|----------------|----------------|---------------|
| <b>Net Financing assets</b>             | 121,377        | 114,968        | <b>6%</b>     |
| Sukuk investments                       | 24,256         | 23,409         | <b>4%</b>     |
| Interbank placement & CDs               | 15,023         | 9,547          | <b>57%</b>    |
| Equities & Properties Investments       | 8,337          | 8,158          | <b>2%</b>     |
| <b>Total Earning Assets</b>             | <b>168,993</b> | <b>156,082</b> | <b>8%</b>     |
| Cash & Other assets                     | 17,877         | 18,889         | <b>(5%)</b>   |
| <b>Total assets</b>                     | <b>186,870</b> | <b>174,971</b> | <b>7%</b>     |
| <b>Customers' deposits</b>              | 137,225        | 122,377        | <b>12%</b>    |
| Sukuk Financing Instruments             | 10,357         | 7,695          | <b>35%</b>    |
| <b>Total liabilities</b>                | <b>160,939</b> | <b>147,701</b> | <b>9%</b>     |
| <b>Shareholder Equity &amp; Reserve</b> | 15,783         | 17,155         | <b>(8%)</b>   |
| Tier 1 Sukuk                            | 7,346          | 7,346          | -             |
| Non-Controlling Interest                | 2,802          | 2,769          | <b>1%</b>     |
| <b>Total liabilities and equity</b>     | <b>186,870</b> | <b>174,971</b> | <b>7%</b>     |
| <b>Key ratios:</b>                      |                |                |               |
| Net Finance to customer deposit         | 88.4%          | 93.9%          | <b>(5.5%)</b> |
| Tier 1 ratio                            | 16.1%          | 17.8%          | <b>(1.7%)</b> |
| CAR                                     | 16.5%          | 18.1%          | <b>(1.6%)</b> |
| NPA ratios                              | 3.7%           | 3.9%           | <b>(0.2%)</b> |
| Coverage ratio                          | 118.0%         | 117.0%         | <b>1%</b>     |

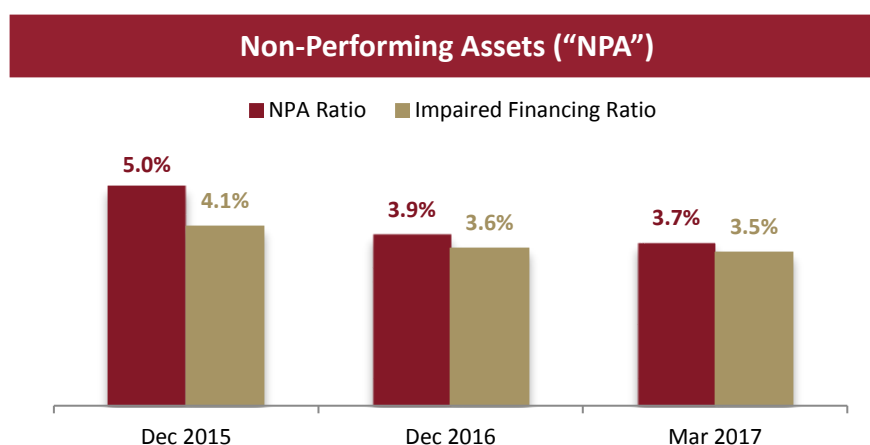
### Financing portfolio

Net financing assets grew to AED 121.4 billion for the period ended March 31, 2017 from AED 114.9 billion as of end of 2016, an increase of 6% as the bank continued its penetration in various targeted sectors particularly on the wholesale side of the business. Corporate banking financing assets grew at around 8.5% to AED 77 billion whilst consumer business grew by 3% to AED 40 billion. Commercial real estate concentration remains low at around 18% and in line with guidance.



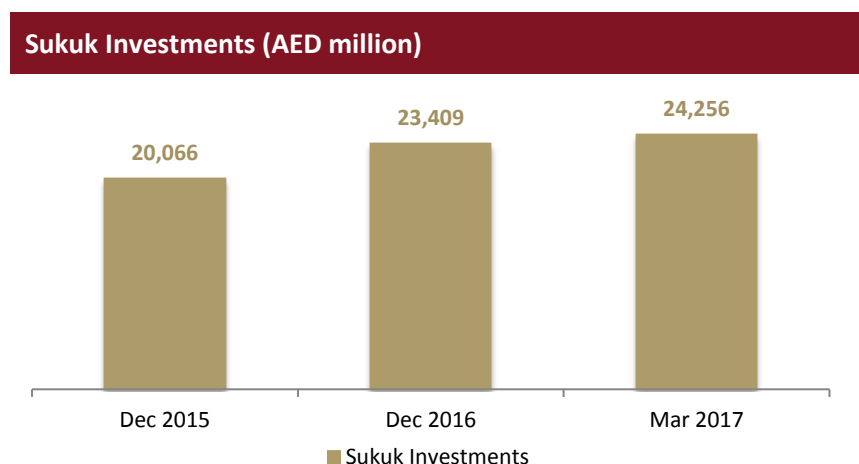
## Asset Quality

Non-performing assets have shown a consistent decline with NPA ratio improving to 3.7% for the period ended March 31, 2017, compared with 3.9% at the end of 2016. Impaired financing ratio stood at 3.5% for the period ended March 31, 2017 from 3.6% at the end of 2016. The improving NPAs and impaired ratios are driven by recoveries in legacy portfolio as well as quality new financing over the last few years with negligible fresh NPA formation. With continued buildup of provisions, cash coverage stood at 118% for the period ended March 31, 2017 compared with 117% at the end of 2016. Overall coverage ratio including collateral at discounted value stood at 160% compared to 158% at the end of 2016.



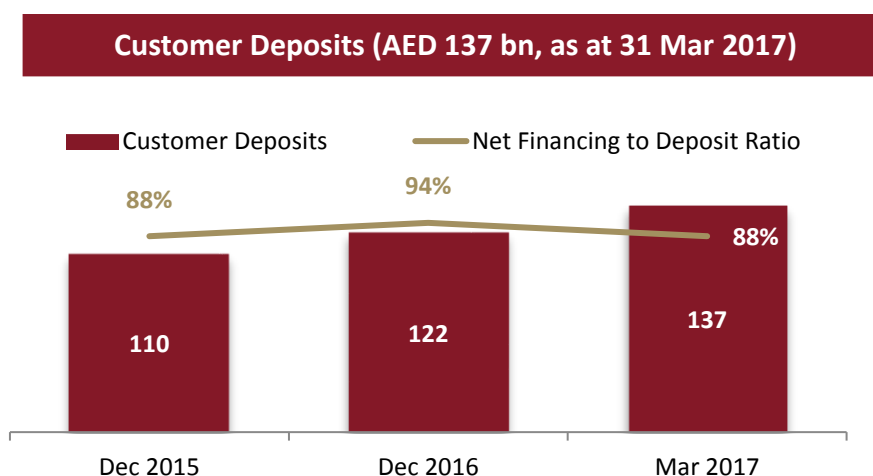
## Sukuk Investments

Sukuk investments increased by 4% to AED 24.3 billion for the period ended March 31, 2017 from AED 23.4 billion at the end of 2016. The primarily dollar denominated portfolio, mainly in UAE, consists of sovereigns and other top tier names many of which are rated.



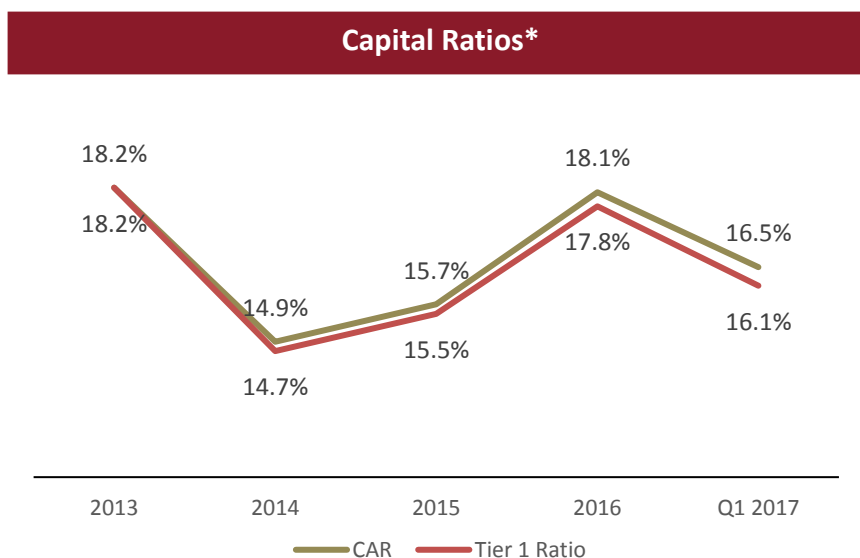
## Customer Deposits

Customer deposits for the period ended March 31, 2017 increased by 12% to AED 137 billion from AED 122 billion as at end of 2016. CASA component stood at AED 50.5 billion as of March 31, 2017 compared with AED 47.4 billion as at end of 2016 showing consistent rise in low cost deposits. Financing to deposit ratio of 89% as of March 31, 2017 indicates one of the strongest liquidity position in the sector.



## Capital Adequacy

Capital adequacy ratio remained robust at 16.5% as of March 31, 2017, whilst T1 ratio stood at 16.1%; both ratios are well above regulatory requirement.



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

## Ratings:

|                                            | Long Term Rating | Outlook  | Date          |
|--------------------------------------------|------------------|----------|---------------|
| Moody's Investor Service                   | Baa1             | Positive | December 2016 |
| Fitch Ratings                              | A                | Stable   | August 2016   |
| Islamic International Rating Agency (IIRA) | A/A1             | Stable   | November 2016 |

## Key business highlights for the 1<sup>st</sup> quarter of 2017:

- In February, DIB successfully priced a USD 1 billion Sukuk issuance, the largest ever senior Sukuk issuance by a financial institution. The issuance under DIB's USD 5 billion Sukuk Programme carried a profit rate of 3.664% reflecting the strong demand and confidence that global investors place in the UAE's largest Islamic bank.
- The launch of Panin Dubai Syariah Bank in Indonesia marks DIB's first foray in the Far East. The bank owns nearly 40% stake in the Indonesian entity.
- Some key deals / transactions for the quarter:

| SUKUK    |                                 |                       |            |                     |
|----------|---------------------------------|-----------------------|------------|---------------------|
| Date     | Issuer / Obligor Name           | Issuer Type           | Coupon (%) | Amount Issued (USD) |
| Jan 2017 | Investment Corporation of Dubai | Quasi-Sovereign       | 5.000      | 1,000,000,000       |
| Feb 2017 | Dubai Islamic Bank              | Financial Institution | 3.664      | 1,000,000,000       |
| Mar2017  | Ezddan Holding                  | Corporate (Qatar)     | 4.875      | 500,000,000         |
| Mar 2017 | Republic of Turkey              | Sovereign             | 5.004      | 1,250,000,000       |

## 1<sup>st</sup> Quarter 2017 Awards

| Date          | Award Giving Body                            | Award Received                                             |
|---------------|----------------------------------------------|------------------------------------------------------------|
| March 2017    | EMEA Finance Middle East Banking Awards 2016 | Best Sukuk House                                           |
| February 2017 | Islamic Finance News Best Bank Polls 2016    | Best Overall Bank                                          |
| February 2017 | Islamic Finance News Best Bank Polls 2016    | Best Islamic Bank in the UAE                               |
| February 2017 | Islamic Finance News Best Bank Polls 2016    | Most Innovative Islamic Bank                               |
| February 2017 | Islamic Finance News Best Bank Polls 2016    | Best Retail Islamic Bank                                   |
| February 2017 | Islamic Finance News Best Bank Polls 2016    | Deal of the Year                                           |
| February 2017 | Islamic Finance News Best Bank Polls 2016    | UAE Deal of the Year                                       |
| February 2017 | Islamic Finance News Best Bank Polls 2016    | Hybrid deal of the Year                                    |
| February 2017 | Islamic Finance News Best Bank Polls 2016    | Pakistan Deal of the Year                                  |
| February 2017 | Islamic Finance News Best Bank Polls 2016    | Syndicated Deal of the Year                                |
| February 2017 | Islamic Finance News Best Bank Polls 2016    | Real Estate Deal of the Year                               |
| February 2017 | Islamic Finance News Best Bank Polls 2016    | Indonesia Deal of the Year                                 |
| February 2017 | Islamic Finance News Best Bank Polls 2016    | Kuwait Deal of the Year                                    |
| January 2017  | CFO Middle East Awards                       | Best Bank of the Year                                      |
| January 2017  | Gulf Customer Experience Award               | Financial Services – Banking and Investment category       |
| January 2017  | 2016 Service Olympian Awards                 | Most Improved Call Centre                                  |
| January 2017  | 2016 Service Olympian Awards                 | Best Customer Experience Improvement Program – Call Center |
| January 2017  | 2016 Service Olympian Awards                 | Best Customer Experience Strategy                          |

## 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 fourth 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.

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 243 branches across 62 major cities in Pakistan. DIB also received regulatory approval to increase its shareholding in PT Bank Panin Syariah in Indonesia to 40 percent.

Embarking on a newly established growth agenda in 2014, the Bank has been a leading performer in the UAE financial sector over the last three years with record breaking performance despite volatile market conditions. The massive growth has seen DIB's market share cross over 6%, the financing book nearly doubling and deposits growing by over 50% during the same period. Even more impressive is the more than 100% growth in profits in the last three years as DIB joined the exclusive USD 1 bln profit club in the country.

The Bank's ultimate goal is to make Islamic finance the norm, rather than an alternative to conventional banking for businesses and consumers 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. Consequently, DIB has been recognized as **"Best Islamic Bank in the UAE" at the 2016 World Finance – Islamic Finance Awards**, and has received four major accolades at the 11th Islamic Business and Finance Awards 2016, including **"Best Retail Bank in the UAE, Best Corporate Bank in the UAE, Best Sukuk Arranger and Best Islamic Bank"**. In addition to the **"Best Sukuk House"** awarded at the EMEA Middle East Banking Awards 2016, DIB was also honored with record twelve accolades at the Islamic Finance News Awards 2016, receiving among the awards **"Best Overall Islamic Bank"** and **"Best Islamic Bank in the UAE"** for the second consecutive year. These awards were in addition to the eight landmark transactions the Bank was recognized for at the 2016 IFN **"Deals of the Year" Awards** including **"UAE Deal of the Year"**.

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

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