

Press Release:

Dubai Islamic Bank Group 1st Half 2017 Financial Results

Robust profitability growth continues with net profit rising by 7% YoY to AED 2.143 billion

- **Financing assets grew by 9% YoY to AED 125.4 billion**
- **Deposits increased by 16% YoY to AED 141.4 billion**

Dubai, July 19, 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 half results for the period ended June 30, 2017.

H1 2017 Results Highlights:

Sustained profitability and growth on the back of managed expenses

- Group Net Profit increased to AED 2,143 million, up 7% compared with AED 2,004 million for the same period in 2016.
- Total income increased to AED 4,865 million, up 15% compared with AED 4,235 million for the same period in 2016.
- Net Operating Revenue increased to AED 3,676 million, up 10% compared with AED 3,356 million for the same period in 2016.
- Efficient and proactive cost management led to operating expenses remaining nearly flat at AED 1,162 million compared to AED 1,151 million for the same period in 2016.
- Gross cost of credit risk reduced to 55 bps compared to 75 bps for the same period in 2016.
- Cost to income ratio declined to 31.6% compared with 34.0% at the end of 2016.

Asset growth remains robust across all core businesses

- Net financing assets rose to AED 125.4 billion up by 9%, compared to AED 114.9 billion at the end of 2016.

- Sukuk investments increased to AED 26.4 billion, a growth of 13%, compared to AED 23.4 billion at the end of 2016.
- Total Assets stood at AED 193.1 billion, an increase of 10%, compared to AED 174.9 billion at the end of 2016.

Asset quality remains resilient as a result of quality underwriting

- NPA ratio continues its downward trajectory improving to 3.6%, compared to 3.9% at the end of 2016.
- Provision coverage ratio improved to 120%, compared to 117% at the end of 2016.
- Overall coverage including collateral at discounted value now stands at 161%, compared to 158% at the end of 2016.

Strong liquidity continues to support asset growth

- Customer deposits stood at AED 141.4 billion compared to AED 122.3 billion at the end of 2016, up by 16%.
- CASA deposits increased by nearly 13% to AED 53.5 billion from AED 47.4 billion as at end of 2016 leading to a robust 38% constitution of the total deposit base.
- Financing to deposit ratio stood at 89%.

Robust Capitalization

- Capital adequacy ratio remained strong standing at 16.6%, as against 12% minimum required.
- Tier 1 CAR stood at 16.2% under Basel II, against minimum requirement of 8%.

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

- Earnings per share stood at AED 0.37 at the end of first half 2017.
- Return on assets steady at 2.34% at the end of first half 2017.
- Return on equity stood at 18.4% at the end of first half 2017.

Management's comments on the financial performance for period ended June 30, 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 retains its strong economic fundamentals following an upgrade in its credit outlook to "Stable" during the quarter from Moody's. The non-oil economy, which is expected to grow above 3% this year, will be a key driver towards the economic growth of the UAE in the coming years.
- DIB continues to show remarkable progress with total income now reaching nearly AED 5 billion, a significant increase of 15% compared to the same period last year.
- Our international expansion is on track as the bank officially received its license in April from the Central Bank of Kenya to start our operations. This paves the way for the bank's aspirations in Africa and proliferation of Islamic finance across Asia, Middle East and the East African Belt.

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

- The bank's first half performance continues to remain at the top end of the market.
- The strong growth throughout the past few years has now squarely positioned DIB amongst the top 3 Islamic banks in the world.
- Over the first half of 2017, the bank also remained focused on serving the UAE community with particular support for healthcare initiatives in line with UAEs vision to be one of the happiest nations in the world

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

- DIB continues to demonstrate robust earnings on the back of strong and unyielding focus on key economic growth sectors in the markets and jurisdictions we operate. The 9% growth in financing assets supported by the 16% rise in customer deposits clearly showcases the franchise's incredible ability to continue to generate liquidity at will while simultaneously deploying the same in quality earning assets.
- Despite the strong financing growth, capitalization remains solid with robust CET 1 levels, thanks to the detailed and meticulous capital planning put in place when rolling out our strategy and we remain comfortable even as Basel III is implemented in the near future.
- With liquidity pressure easing this year along with hikes in Fed rates, we expect relative improvement in margins, as a significant portion of our financing book will have a favorable impact due to its variable pricing nature.
- DIB continues to be a leading player on the Bloomberg League Tables with the last quarter witnessing nearly AED 5 bln worth of syndicated deals.
- The significantly enhanced financial position, robust profitability and consistently improving asset quality has led to an upgrade in DIB's standalone Viability Rating to "bb+" by Fitch. This, along with Moody's move to change the outlook from "Stable" to "Positive" earlier is a testament to constantly improving risk profile of the bank and the confidence of the market in DIB's credit standing.

Financial Review

Income Statement highlights:

<i>AED million</i>	Jun 2017	Jun 2016	Change (%)
Total Income	4,865	4,235	15%
Depositors'/sukuk holders share of profit	(1,189)	(879)	35%
Net revenue	3,676	3,356	10%
Operating expenses	(1,162)	(1,151)	1%
Profit before impairment losses and income tax	2,514	2,205	14%
Impairment losses	(356)	(191)	87%
Income tax	(15)	(10)	53%
Net profit for the period	2,143	2,004	7%
<u>Key ratios:</u>	Jun 2017	Jun 2016	Change
Net Funding Income Margin %	3.15%	3.18%	(0.03%)
Cost to income ratio %	31.6%	34.3%	(2.70%)
Return on average assets %	2.34%	2.48%	(0.14%)
Return on average equity %	18.4%	18.1%	0.30%
EPS (AED per share)	0.37	0.37	-

Total Income

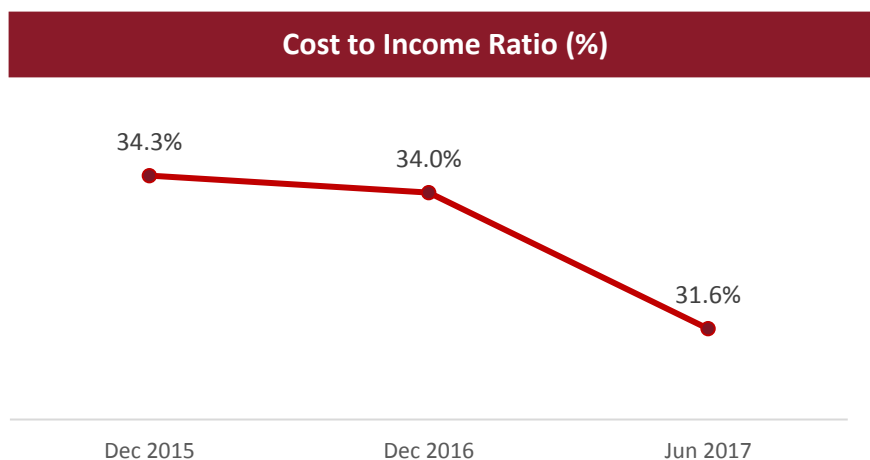
Profitability remained strong with total income for the period ended June 30, 2017 increasing to AED 4,865 million from AED 4,235 million for the same period in 2016. The 15% rise is driven primarily by sustained growth in all core businesses with income from Islamic financing and investing transactions increasing by 18% to AED 3,713 million compared to AED 3,157 million for the same period in 2016.

Net revenue

Net revenue for the period ended June 30, 2017 amounted to AED 3,676 million, an increase of 10% compared with AED 3,356 million in the same period of 2016. The increase is attributed to strong growth in the financing book as the bank continues to enhance its share of wallet across all key economic sectors.

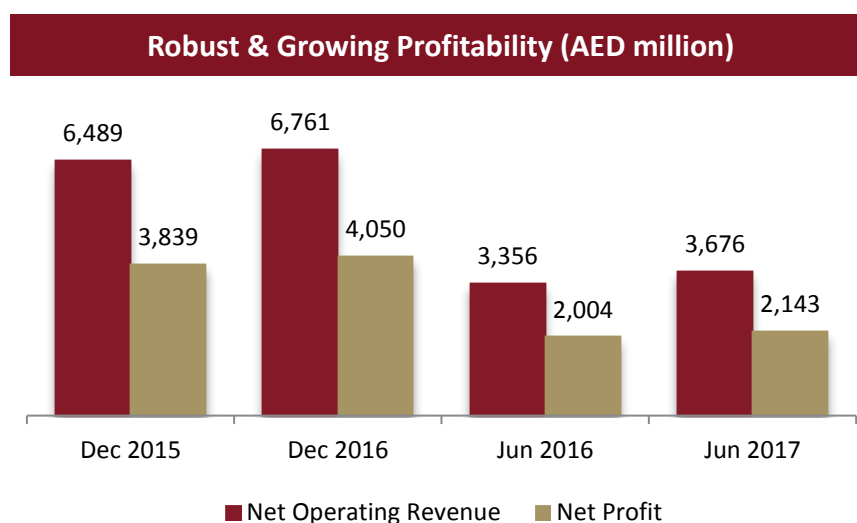
Operating expenses

Operating expenses were held nearly flat to AED 1,162 million for the period ended June 30, 2017 compared to AED 1,151 million in the same period in 2016. Simultaneously, efficient cost management led to cost to income ratio improving to 31.6% compared to 34.0% at the end of 2016.



Profit for the period

Net profit for the period ended June 30, 2017, rose to AED 2,143 million from AED 2,004 million in the same period in 2016, an increase by 7% emanating from continuous robust core business growth and effective and efficient cost management.



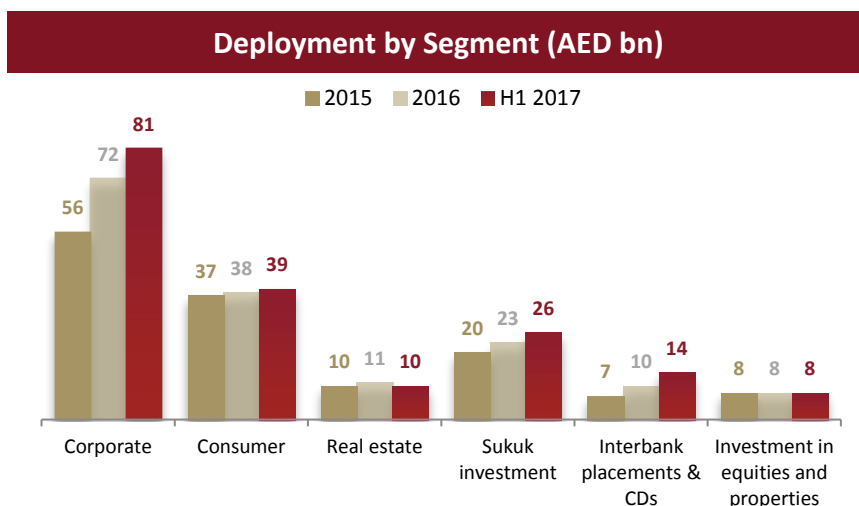
Statement of financial position highlights:

AED Billion	Jun 2017	Dec 2016	Change (%)
Net Financing assets	125,442	114,968	9%
Sukuk investments	26,392	23,409	13%
Interbank placement & CDs	14,122	9,547	48%
Equities & Properties Investments	8,457	8,158	4%
Total Earning Assets	174,413	156,082	12%
Cash & Other assets	18,666	18,889	(1%)
Total assets	193,079	174,971	10%
Customers' deposits	141,381	122,377	16%
Sukuk Financing Instruments	8,521	7,695	11%
Total liabilities	166,089	147,701	12%
Shareholder Equity & Reserve	16,801	17,155	(2%)
Tier 1 Sukuk	7,346	7,346	-
Non-Controlling Interest	2,843	2,769	3%
Total Equity	26,990	27,270	(1%)
Total liabilities and equity	193,079	174,971	10%
Key ratios:			
Net Finance to customer deposit	88.7%	93.9%	(5.2%)
Tier 1 ratio	16.2%	17.8%	(1.6%)
CAR	16.6%	18.1%	(1.5%)
NPA ratios	3.6%	3.9%	(0.3%)
Coverage ratio	120.0%	117.0%	3%

Financing portfolio

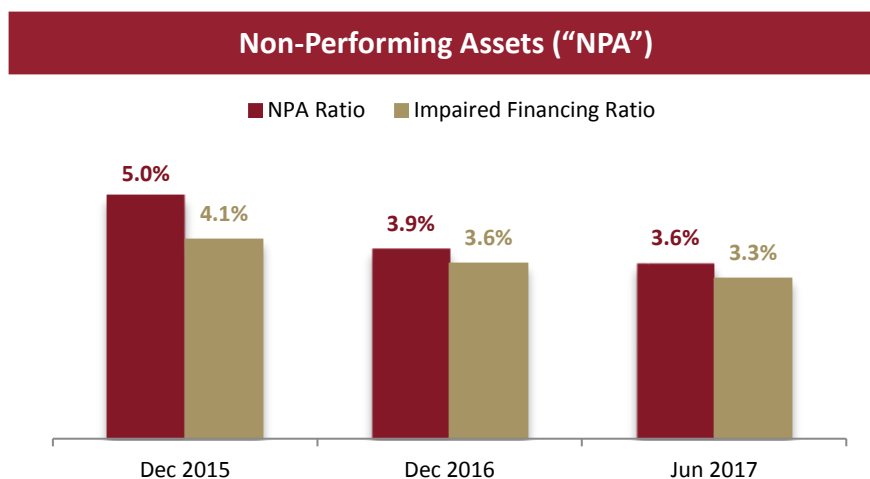
Net financing assets grew to AED 125.4 billion for the period ended June 30, 2017 from AED 114.9 billion as of end of 2016, an increase of 9% driven primarily by the core growth across wholesale and retail. Corporate banking financing assets grew by 13% to AED 81 billion whilst consumer business grew by

3% to AED 39 billion. Commercial real estate concentration remains low at around 18% and in line with targeted guidance numbers.



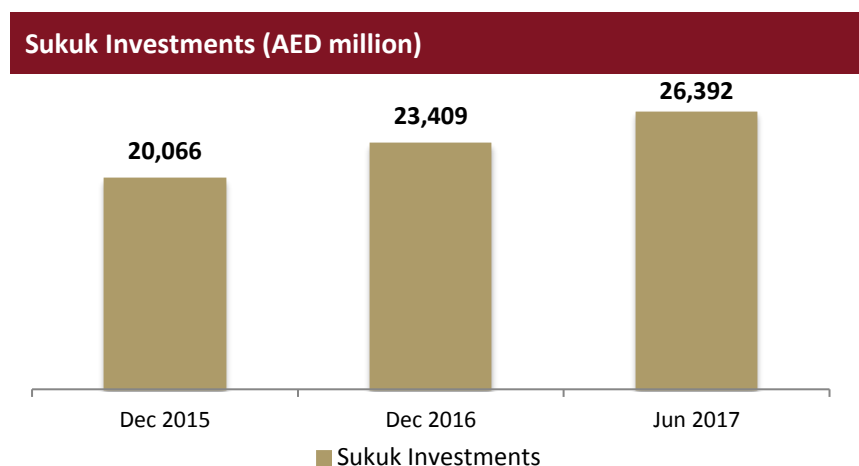
Asset Quality

Non-performing assets have shown a consistent decline with NPA ratio improving to 3.6% for the period ended June 30, 2017, compared with 3.9% at the end of 2016. Impaired financing ratio stood at 3.3% for the period ended June 30, 2017 from 3.6% at the end of 2016. With continued buildup of provisions, cash coverage stood at 120% for the period ended June 30, 2017 compared with 117% at the end of 2016. Overall coverage ratio including collateral at discounted value stood at 161% compared to 158% at the end of 2016.



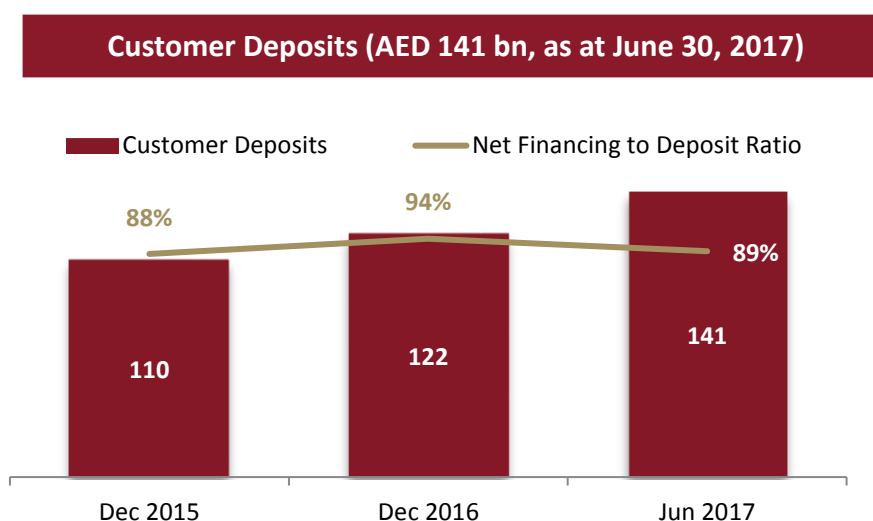
Sukuk Investments

Sukuk investments increased by 13% to AED 26.4 billion for the period ended June 30, 2017 from AED 23.4 billion at the end of 2016. The portfolio, mainly in UAE, consists of sovereigns and other top tier names many of which are rated.



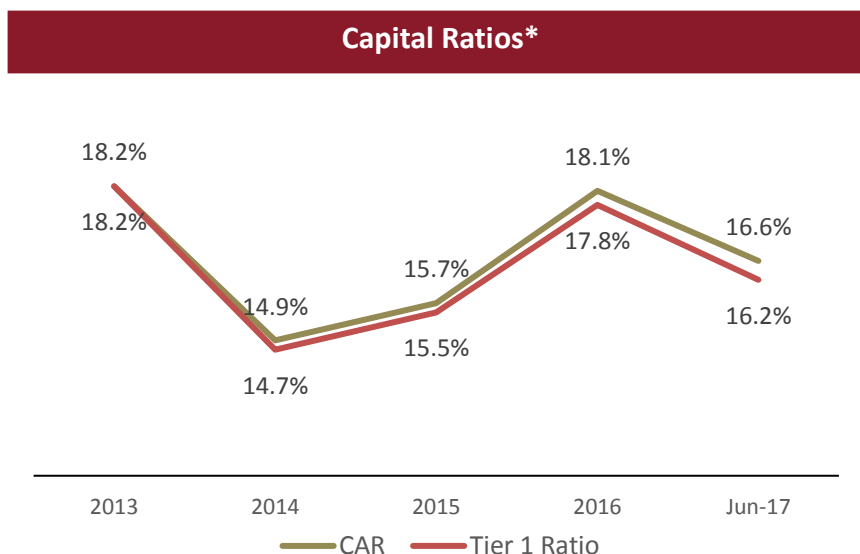
Customer Deposits

Customer deposits for the period ended June 30, 2017 increased by 16% to AED 141 billion from AED 122 billion as at end of 2016. CASA component stood at AED 53.5 billion as of June 30, 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 June 30, 2017 indicates one of the strongest liquidity position in the sector.



Capital Adequacy

Capital adequacy ratio remained robust at 16.6% as of June 30, 2017, whilst T1 ratio stood at 16.2%; 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	July 2017
Islamic International Rating Agency (IIRA)	A/A1	Stable	November 2016

- Fitch has upgraded the bank's standalone VR to 'bb+' from 'bb' citing robust and continuous improvement across the major key metrics including profitability and asset quality.

Key business highlights for the 2nd quarter of 2017:

- In May 2017, Dubai Islamic Bank PJSC has been given the license by the Central Bank of Kenya (CBK) to operate its subsidiary, DIB Kenya Ltd, in the country. This will serve as a launch pad for the bank to expand its reach into East Africa.
- DIB launched the “DIB Express Transfer” an instant remittance solution that guarantees that funds can be wired to any ICICI bank account in India within 60 seconds and any other bank in India within 1 hour.
- DIB hosted the 2nd UAE Sharia Departments Forum in Dubai. The event which was established a year earlier, serves as a platform for Sharia departments of Islamic financial institutions to conceptualize, evolve and drive the development of Sharia compliance in the UAE.
- Amongst the leader in the Bloomberg League Tables (EMEA Islamic Financing Bookrunner for H1 2017). Other 1st half 2017 key deals:

SUKUK				
Issuer / Obligor Name	Issuer Type	Coupon (%)	Amount Issued (USD mn)	Maturity
Investment Corporation of Dubai	Quasi-Sovereign	5.000	1,000	01 Feb 2027
Dubai Islamic Bank	Financial Institution	3.664	1,000	14 Feb 2022
Republic of Turkey	Sovereign	5.004	1,250	06 Apr 2023
Dar Al-Arkan	Corporate	6.875	500	10 Apr 2022
Sultanate of Oman	Sovereign	4.397	2,000	01 Jun 2024
Al Baraka Banking Group	Financial Institution	7.875	400	Perpetual
Meraas Holding	Corporate	5.112	400	31 May 2022

CLUB/SYNDICATED TRANSACTIONS		
Issuer / Obligor Name	Issuer Type	Total Amount (USD or USD eqv. in mn)
Al Baraka Turk	Financial Institution	213
Airport Financing Company (FINCO)	Public	3,000
Jumeirah Group	Public	1,450
Ziraat Participation Bank	Financial Institution	235
Emirates Healthcare Company – Saudi German	Private	101

1st Half 2017 Awards

May 2017	BME Industry Awards 2017	Best Islamic Bank
May 2017	BME Industry Awards 2017	Best Islamic Retail bank
May 2017	BME Industry Awards 2017	Best Islamic Corporate Bank
May 2017	BME Industry Awards 2017	Best Sukuk Arranger
May 2017	BME Industry Awards 2017	CEO Award – Excellence in Islamic Banking awarded to Dr. Adnan Chilwan
April 2017	Dubai Chamber of Commerce and Industry in cooperation with the UAE Ministry of Economy	Mohammed Bin Rashid Al Maktoum Business Innovation Award Dar al Sharia
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.

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<https://www.linkedin.com/company/dubai-islamic-bank>



https://www.instagram.com/dubai_islamic_bank/

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