

Press Release:

Dubai Islamic Bank Group Year End 2016 Financial Results
Net profit up by 6% to AED 4.05 billion

Dubai, January 25, 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 results for the year ended December 31, 2016.

Full Year 2016 Results Highlights:

Sustained performance amidst a year of market volatilities

- Group Net Profit increased to AED 4,050 million, up 6% compared with AED 3,839 million in 2015.
- Total income increased to AED 8,636 million, up 14% compared with AED 7,546 million in 2015.
- Net Operating Revenue increased to AED 6,761 million, up 4% compared with AED 6,489 million in 2015.
- Impairment losses declined to AED 392 million compared with AED 410 million in 2015.
- Cost to income ratio remained stable at 34.0% compared with 34.3% in 2015.
- Net interest margins stood at 3.23% compared with 3.63% in 2015.
- Net fees and commission increased by 10% to AED 1,425 million from AED 1,295 million in 2015.

Asset growth remains robust

- Net financing assets rose to AED 115.0 billion up by 18%, compared to AED 97.2 billion in 2015.
- Sukuk investments increased to AED 23.4 billion, a growth of 17%, compared to AED 20.1 billion in 2015.
- Total Assets stood at AED 175.0 billion, an increase of 17%, compared to AED 149.9 billion in 2015.

Resilient Asset Quality

- NPL ratio consistently improving to 3.9%, compared to 5.0% in 2015.
- Provision coverage ratio improved to 117%, compared to 95% in 2015. Overall coverage including collateral at discounted value now stands at 158%, compared to 147% in 2015.

Steady growth in customer deposits

- Customer deposits stood at AED 122.4 billion compared to AED 110.0 billion in 2015, up by 11%.
- CASA constituted 39% of total deposit base compared to 41% in 2015.

Improved capital position post rights issue

- Capital adequacy ratio remained strong standing at 18.1% vs 15.7% in 2015.
- Tier 1 CAR stood at 17.8% vs 15.5% in 2015.
- Financing to deposit ratio stood at 94% depicting a stable liquidity position.

Shareholders' return remains robust

- Earnings per share stood at AED 0.67 in 2016 vs AED 0.74 in 2015, a marginal impact despite dilution due to rights issuance.
- Return on assets steady at 2.43% in 2016 vs 2.71% in 2015 standing at the higher end of the market.
- Return on equity stood at 17.2% in 2016 vs 19.0% in 2015, higher end of the market despite dilution due to rights issuance.
- DIB Board of Directors recommends the distribution of a cash dividend of 45%, subject to AGM approval.

Management's comments on the financial performance for the full year 2016:

His Excellency Mohammed Ibrahim Al Shaibani, Director-General of His Highness The Ruler's Court of Dubai and Chairman of Dubai Islamic Bank, said:

- Despite global economic and political volatility, Dubai Islamic Bank achieved a number of important milestones and further strengthened its position as a market leader in 2016.
- DIB continues to expand its business in line with the UAE's impressive growth trajectory and remains committed to supporting the Government's agenda to become the Islamic finance capital of the world.
- Whilst financial performance and growth continue to drive the strategy, the board and management also remain focused on delivering the highest levels of corporate governance and setting the standard in compliance.
- The board and the management are committed to our objectives, both around the organization's future and the future and progression of Islamic finance as it continues to grow and prosper as a viable and critical part of global economics.

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

- In line with strong financial performance year on year, the Bank has delivered yet another set of robust financial results in 2016.
- Whilst financial performance remains strong, we take our responsibility to the society very seriously as well.
- Corporate social responsibility remains an important component of DIB's mandate and we will continue to actively play our part in contributing to important humanitarian causes in the UAE and across the region.
- Our support of the Government's Emiratization initiatives remains one of our core areas of focus as we train and develop our employees to drive and sustain the long-term development of DIB.

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

- The last few years have been an incredible journey for all of us at DIB.
- Given the global economic backdrop, what we have achieved is truly remarkable.
- Over the past decade, our aim was to establish a franchise that would last, that would have the ability to successfully navigate and stay true to its course in even the most unfavorable and turbulent times.
- With oil price volatility and ensuing tighter liquidity along with global economic and political uncertainty, of course there were challenges along the way.
- Despite that, the bank has seen a transformation into a player that offers real and substantial capabilities to its customers, shareholders and the market in general.
- Our recent financial performance has put us at the top end of the market year on year.
- In the last three years, our profitability has grown by nearly two and a half times, our financing portfolio has more than doubled and our balance sheet and underlying liquidity has gone up by over 50%.
- The portfolio quality has simultaneously improved to extremely robust levels with NPLs down from double digits to 3.9%, a testament to the strong risk management practices and systems put in place.
- Clearly, the time and effort extended to build this business over the last few years has rewarded us well, as today, we possess the operational strength and a platform that allows us to create growth opportunities
- With solid capitalization, boosted by the successful rights issue in 2016, we are confident of continuing on successfully implementing our growth plans in the coming years.

Financial Review

Income Statement highlights:

<i>AED million</i>	2016	2015	Change (%)
Total Income	8,636	7,546	14%
Depositors'/sukuk holders share of profit	(1,875)	(1,057)	77%
Net revenue	6,761	6,489	4%
Operating expenses	(2,297)	(2,224)	3%
Profit before impairment losses and income tax	4,464	4,265	5%
Impairment losses	(392)	(410)	(4%)
Income tax	(22)	(16)	38%
Net profit for the period	4,050	3,839	6%
<u>Key ratios:</u>	2016	2015	Change
Net Funding Income Margin %	3.23%	3.63%	(0.40%)
Cost to income ratio %	34.0%	34.3%	(0.30%)
Return on average assets %	2.43%	2.71%	(0.28%)
Return on average equity %	17.2%	19.0%	(1.80%)
EPS (AED per share)	0.67	0.74	(0.07)

Total Income

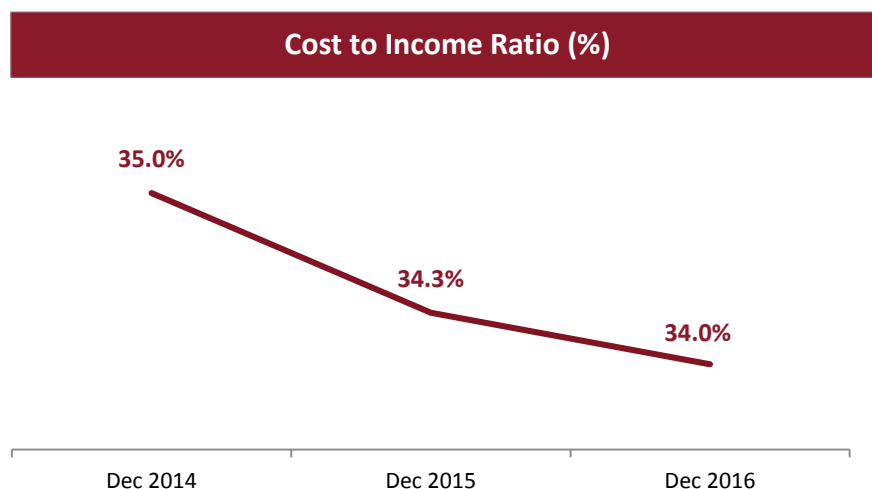
Profitability remained strong despite challenging economic environment. Total income for the year 2016 increased to AED 8,636 million from AED 7,546 million in 2015, an increase of 14% driven primarily by sustained growth in core businesses. Income from Islamic financing and investing transactions increased by 18% to AED 6,521 million in 2016 from AED 5,520 million in 2015. Fees and commissions have increased by 10% to AED 1,425 million compared to AED 1,295 million in 2015.

Net revenue

Net revenue for the year 2016 amounted to AED 6,761 million, an increase of 4% compared with AED 6,489 million in 2015. The increase is attributed to strong growth in financing and investing transactions as well as commission and fees.

Operating expenses

Operating expenses were marginally up by 3.0% to AED 2,297 million in 2016 from AED 2,224 million in 2015. However, cost to income ratio witnessed a drop standing at 34.0% compared to 34.3% in 2015, in line with guidance for the year.

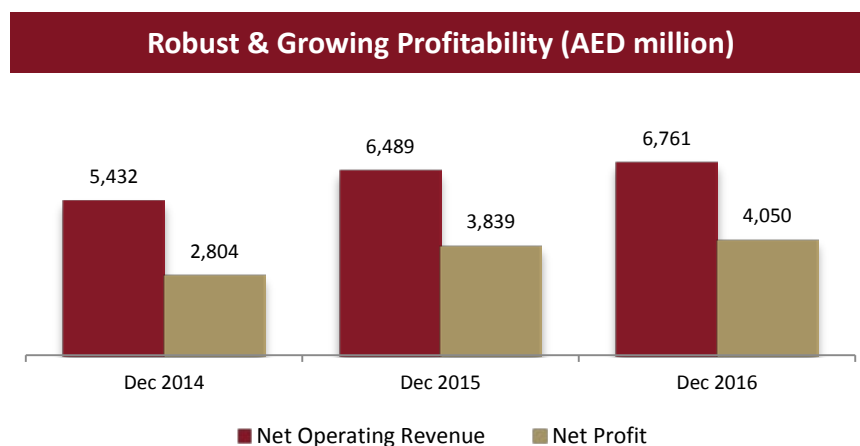


Impairment losses

With a steady improvement in asset quality, NPL ratio declined from 5.0% in 2015 to 3.9% in 2016 whilst impairment losses also saw a reduction from AED 410 million in 2015 to AED 392 million in 2016.

Profit for the period

Net profit for the year ended 2016, rose to AED 4,050 million from AED 3,839 million in the same period in 2015, an increase by 6% depicting robust profitability growth despite slow economic environment.

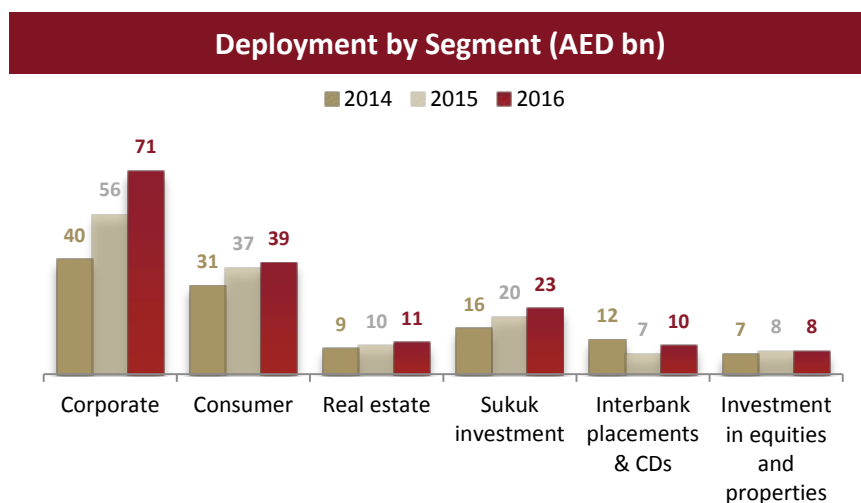


Statement of financial position highlights:

AED Billion	2016	2015	Change (%)
Net Financing assets	114,968	97,220	18%
Sukuk investments	23,409	20,066	17%
Interbank placement & CDs	9,547	7,291	31%
Equities & Properties Investments	8,158	8,053	1%
Total Earning Assets	156,082	132,630	18%
Cash & Other assets	18,889	17,268	9%
Total assets	174,971	149,898	17%
Customers' deposits	122,377	109,981	11%
Sukuk Financing Instruments	7,695	5,602	37%
Total liabilities	147,701	127,104	16%
Shareholder Equity & Reserve	17,154	13,123	31%
Tier 1 Sukuk	7,346	7,346	-
Non-Controlling Interest	2,769	2,325	19%
Total liabilities and equity	174,971	149,898	17%
<u>Key ratios:</u>			
Net Finance to customer deposit	94.0%	88.0%	6.0%
Tier 1 ratio	17.8%	15.5%	2.3%
CAR	18.1%	15.7%	2.4%
NPL ratios	3.9%	5.0%	(1.1%)
Coverage ratio	117.0%	95.0%	22.0%

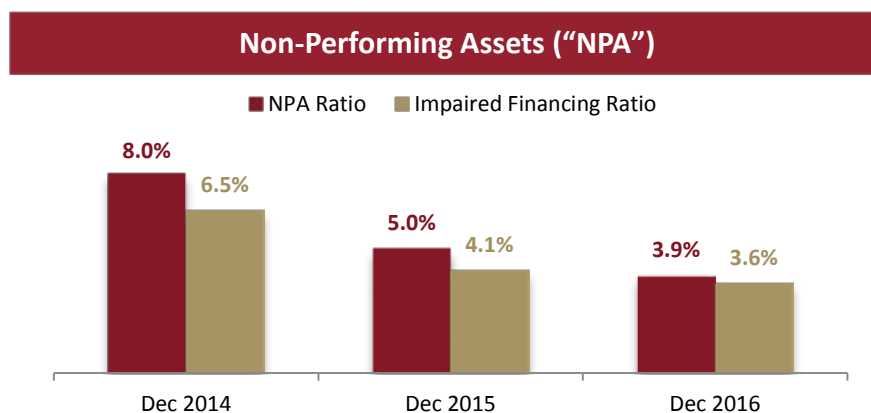
Financing portfolio

Net financing assets grew to AED 115.0 billion in 2016 from AED 97.2 billion in 2015, an increase of 18% as the bank continued its penetration in various targeted sectors particularly on the wholesale side of the business. Corporate banking financing assets grew at 24% to AED 81 billion whilst consumer business grew by 7% to AED 39 billion.



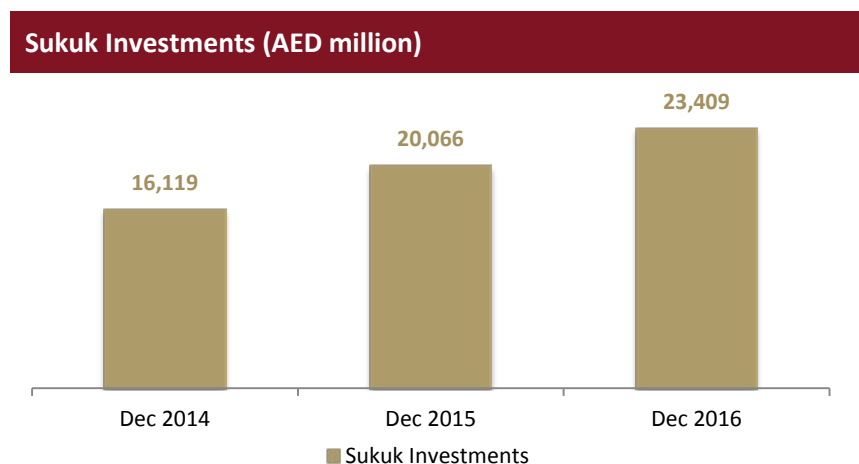
Asset Quality

Non-performing assets have shown a consistent decline with NPL ratio improving to 3.9% for the year ended 2016, compared with 5.0% in 2015. Impaired financing ratio also improved to 3.6% in 2016 from 4.1% in 2015. The improving NPLs and impaired ratio is primarily driven by recoveries in legacy portfolio. With continued buildup of provisions, cash coverage improved to 117% in 2016 compared with 95% in 2015. Overall coverage ratio including collateral at discounted value stood at 158% in 2016 compared to 147% in 2015.



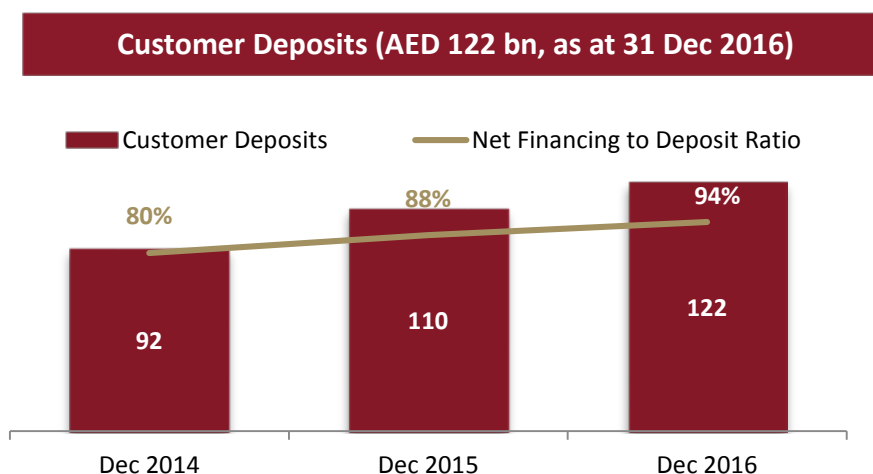
Sukuk Investments

Sukuk investments increased by 17% to AED 23.4 billion in 2016 from AED 20.1 billion in 2015. The primarily dollar denominated portfolio consists of sovereigns and other top tier names many of which are rated.



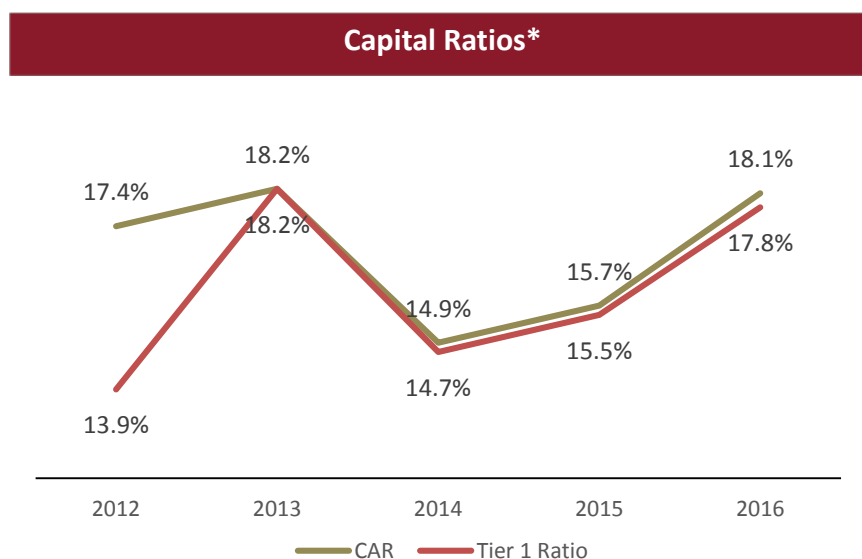
Customer Deposits

Customer deposits increased by 11% to AED 122 billion in 2016 from AED 110 billion in 2015. CASA component stood at AED 47.4 billion in 2016 compared with AED 44.6 billion in 2015. Investment deposits grew by 15% in 2016 to AED 75.0 billion from AED 65.4 billion in 2015. Financing to deposit ratio is at 94% in 2016 which denotes that the bank remains amongst the most liquid players in the market despite strong financing growth and challenging liquidity environment.



Capital and capital adequacy

Strong profitability along with the recent successful rights issue has led to overall CAR growing to 18.1%. This robust level of capitalization will be a major factor in supporting the future growth agenda of the bank.



* 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 4th quarter of 2016:

- In December 2016, credit rating agency Moody's re-affirmed DIB's strong issuer rating to be at 'Baa1' reflecting the bank's established retail franchise within the UAE with solid profitability and capitalization metrics. The outlook has now been upgraded from 'Stable' into 'Positive' driven by the improvements in asset quality and loan loss coverage levels. The positive outlook also considers the ongoing improvements in the bank's risk management and control environment.
- In November, DIB launched cobranded cards with flydubai. This exclusive partnership allows customers to earn OPEN rewards from flydubai on their card usage and redeem the points for flydubai services.

- Some key deals / transactions for the 4th quarter:

SUKUKS			
Date	Issuer / Obligor Name	Issuer Type	Amount Issued (USD)
Oct 2016	Government of Pakistan	Sovereign	\$ 1,000,000,000
Nov 2016	Kuveyt Turk Participation Bank	Financial Institution	\$ 500,000,000
Nov 2016	Etihad Airways (privately placed)	Corporate / Quasi-Sovereign	\$ 1,500,000,000

CLUB/SYNDICATED TRANSACTIONS			
Date Signing	Issuer / Obligor Name	Facility Size	Obligor Type
November 2016	Ezdan Holding Company	USD \$ 460,000,000	Qatari Corporate
December 2016	Bukhatir Industrial Investments	AED 1,120,000,000	UAE Corporate

Outlook:

Moving towards the year 2017, the bank has once again outlined a medium term growth strategy amidst the shifting macro-economic landscape. With oil prices starting to stabilize and emerging markets now looking into sustained economic and business growth, DIB is set to pursue a business expansion agenda primarily through protecting and growing its core businesses. Focus will remain on maximizing business opportunities within the Consumer Banking, continuous enhancement of wallet share in Corporate Banking, managing and rationalizing its international presence and identifying synergies within the organization to unlock value.

Year to date 2016 Awards

November 2016	Islamic Business & Finance Awards	Best Retail Bank in the UAE
November 2016	Islamic Business & Finance Awards	Best Corporate Bank in the UAE
November 2016	Islamic Business & Finance Awards	Best Sukuk Arranger
November 2016	Islamic Business & Finance Awards	Best Islamic Bank
November 2016	Islamic Business & Finance Awards	Islamic Banker of the Year awarded to Dr. Adnan Chilwan
October 2016	Islamic Retail Banking Awards 2016	Strongest Islamic Retail Bank in UAE
October 2016	Islamic Finance News (IFN) polls	Best Shariah Advisory Firm – Dar Al Sharia
October 2016	Islamic Finance News (IFN) polls	Best Islamic Consultancy Firm – Dar Al Sharia
October 2016	Islamic Economy Award 2016	Islamic Economy Knowledge Infrastructure – Dar Al Sharia
October 2016	LinkedIn MENA Talent Awards	Best Employer Brand on LinkedIn
October 2016	LinkedIn MENA Talent Awards	Most Social Executive in the Private Sector
August 2016	Global Finance - The World's Best Islamic Financial Institutions 2016	Best Islamic Financial Institution for Large Corporates
August 2016	Global Finance - The World's Best Islamic Financial Institutions 2016	Best Islamic Trade Finance Provider for 2016
May 2016	BME Industry Awards	Best Islamic Bank
May 2016	BME Industry Awards	Best Sukuk Arranger
May 2016	BME Industry Awards	Best Islamic Retail Bank
May 2016	BME Industry Awards	Best Islamic Corporate Bank
May 2016	BME Industry Awards	Best Strategic Vision awarded – Dr. Adnan Chilwan
April 2016	Genesys-Summit Middle East Awards 2016	Best Overall Customer Experience Platform
March 2016	Banker Middle East Product Awards 2016	Best Deal of the Year
March 2016	Banker Middle East Product Awards 2016	Best Car Finance
March 2016	Banker Middle East Product Awards 2016	Best Online Service
January 2016	2016 Islamic Finance News Polls	Corporate Finance Deal of the Year
January 2016	2016 Islamic Finance News Polls	Indonesia Deal of the Year
January 2016	2016 Islamic Finance News Polls	Mudarabah Deal of the Year
January 2016	2016 Islamic Finance News Polls	Commodity Murabaha Deal of the Year
January 2016	2016 Islamic Finance News Polls	Cross Border Deal of the Year
January 2016	2016 Islamic Finance News Polls	Syndicated Deal of the Year
January 2016	2016 Islamic Finance News Polls	UAE Deal of the Year
January 2016	Gulf Customer Experience Award 2015	Best Financial / Insurance Services: Banking and Investment
January 2016	Sharjah Human Resources Department	Bank recognised for its prominent role in supporting the Government's Nationalisation efforts
January 2016	2016 Islamic Finance News Polls	Best Overall Islamic Bank
January 2016	2016 Islamic Finance News Polls	Best Islamic Bank in the UAE

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. In 2015, it received regulatory approval to increase its shareholding in PT Bank Panin Syariah in Indonesia to 40 percent.

Alongside its accomplishments as a commercial organisation, DIB has always recognised its wider role in society. The bank supports the communities through distributing millions of dirhams to good causes at home and abroad each year.

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, "Strongest Islamic Retail Bank in the GCC" at the Islamic Retail Banking Awards, Best Islamic Financial Institution for Large Corporates and Best Trade Finance Provider at Global Finance - The World's Best Islamic Financial Institutions 2016. DIB lately 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.***

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