

Press Release

Dubai Islamic Bank Group Full Year 2017 Financial Results

Net profit crosses AED 4.50 billion, up by 11%

- Total income crosses AED 10 billion mark, up by 18%
- Total assets grew by 19% to reach to AED 207.3 billion
- Financing assets increased by 16% to AED 133.3 billion
- Deposits rose by 20% to AED 147.2 billion
- Credit ratings saw upgrades during the year with outlook as Stable

Dubai, January 17, 2018

Dubai Islamic Bank (DFM: DIB), the first Islamic bank in the world and the largest Islamic bank in the UAE, today announced its results for the year ended December 31, 2017.

Full Year 2017 Results Highlights

Profitability remains on a robust northbound trajectory driven by core business growth and effective cost management

- Group Net Profit increased to AED 4,504 million, up 11% compared to AED 4,050 million for 2016.
- Total income increased to AED 10,199 million, up 18% compared to AED 8,636 million for 2016.
- Net Operating Revenue increased to AED 7,687 million, up 14% compared to AED 6,761 million for 2016.
- Efficient and proactive cost management resulted in operating expenses remaining nearly flat at AED 2,336 million compared to AED 2,297 million for 2016.
- Net operating income before impairment charges grew by 20% to AED 5,351 million compared to AED 4,464 million for 2016.
- Cost of credit risk reduced to 60 bps compared to 80 bps in 2016.
- Cost to income ratio declined to 30.4% compared to 34.0% at the end of 2016.

Financing continues to drive balance sheet growth as share of wallet rises to around 9% of the market

- Net financing assets rose to AED 133.3 billion, up by 16%, compared to AED 114.9 billion at the end of 2016.
- Sukuk investments increased to AED 24.0 billion, a growth of 3%, compared to AED 23.4 billion at the end of 2016.

- Total Assets stood at AED 207.3 billion, an increase of 19%, compared to AED 174.9 billion at the end of 2016.

Asset quality improvement continues as the Non Performing Financing Ratio drops to below guidance levels

- NPF ratio continues its downward trajectory improving to 3.41%, compared to 3.9% in 2016.
- Cash coverage ratio maintained at 118%.
- Overall coverage including collateral at discounted value now stands at 157%.

Liquidity impact despite market beating financing growth

- Customer deposits stood at AED 147.2 billion compared to AED 122.4 billion at the end of 2016, up by 20%.
- CASA deposits increased by nearly 13% to AED 53.6 billion from AED 47.4 billion as at end of 2016 leading to a robust 36% constitution of the total deposit base.
- Financing to deposit ratio stood at just under 91%, indicating a healthy liquidity position
- Focus on diversification and securing long term funding saw another successful senior sukuk issuance of USD 1 billion during Q1 2017.

Robust capitalization levels creating growth capacity

- Capital adequacy remained strong at 17.0%, as against 12% minimum required.
- Tier 1 CAR stood at 16.5% under Basel II, against minimum requirement of 8%.

Quality growth in profitability continues to support shareholder returns

- Earnings per share stood at AED 0.78 in 2017.
- Return on equity stood at 18.7% in 2017.
- Return on assets steady at 2.34% in 2017.

Management's comments on the financial performance for the FY2017

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 banking system retains its strong financial fundamentals with sector assets crossing the USD 700 bln mark, making it the largest in the GCC. The growth was supported by strong capitalization as well as robust profitability.
- 2017 has been another remarkable year for the bank as we continue to make progress on our growth and expansionary agenda in both local and international markets.
- The bank has weathered the challenges across the region as well as those emanating from the global economic slowdown extremely well and with a more positive outlook forecasted for the UAE and global economy, the coming years look even more promising.
- We remain fully in sync with Dubai and the UAE's plans in building a diversified and attractive economic hub for Islamic finance that serves to connect the globe from our home base here.

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

- The UAE continues to be one of the leading Islamic finance markets, with assets now reaching around \$150 billion, a 7% growth this year.
- We remain well-positioned to capitalize on improving economic conditions in UAE, where GDP is expected to increase in 2018 in the run up towards major economic events such as the EXPO 2020.
- Our ongoing investments in digital technology and services has transformed DIB into a more efficient and secure banking institution that is able to provide its customers with a highly enhanced banking experience across a diversified and robust network of branches and channels.

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

- Nearly a decade ago, we established our plans to bring the company out from the effects of the global economic meltdown and back on track. As the incredible growth story of DIB unfolded, so did the challenges of oil prices and economic slowdown. But these have only made us stronger, more resilient and even more focused than ever before.
- The evolution in the last four years has seen a complete transformation in size and business with the balance sheet as well related key metrics of financing and deposits nearly doubling or more during the period. Further, the profitability has risen nearly three times with both ROEs and ROAs witnessing a steep climb as well. Simultaneously, the business model has completely transformed with a significantly more diversified portfolio minimizing concentration risks.
- The momentum established in the first three year of growth has carried through from the preceding period with the bank registering another 16% jump in the financing book in 2017. Despite this strong performance, liquidity remains intact with 91% Finance to Deposit Ratio as the bank continues to preserve its capacity to maintain the impetus into the new year.
- A double digit rise of 11% in profitability is a clear indication of the focus on quality growth with Group Net Profit crossing AED 4.5 billion and this will remain a critical objective going into 2018 as well.
- Creating capacity to support growth and optimizing costs whilst maintaining a competitive edge in offerings and technology will also remain the key drivers in 2018.
- The constantly improving asset quality with NPF ratio falling below even the guided level to 3.4% has been the result of robust and superior underwriting, a fact recognized by the rating agencies with upgrades and stable outlooks crowning DIB's performance in 2017.
- As we enter the second year of the bank's Growth 2.0 strategic agenda, you will see us remain focused on the quality opportunities within our home base of Dubai and the UAE and the three key "PIK" markets which denote our international forays into Pakistan, Indonesia and Kenya.

Financial Review

Income Statement highlights

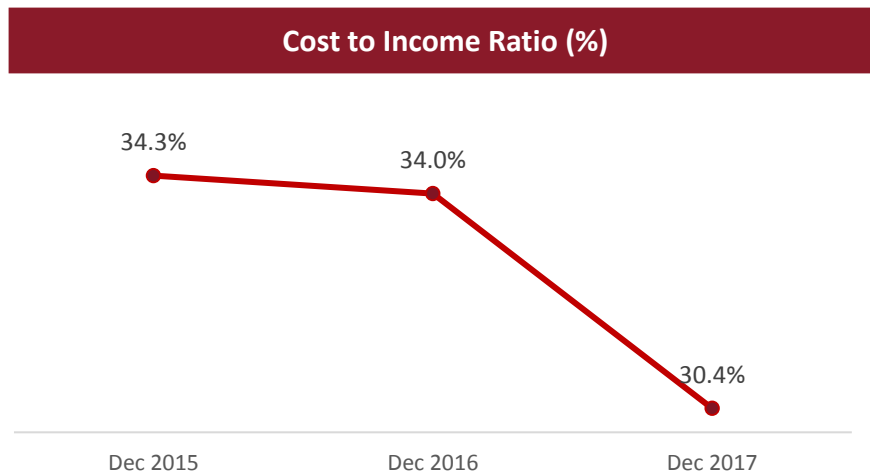
<i>AED million</i>	2017	2016	Change (%)
Total Income	10,199	8,636	18%
Depositors'/sukuk holders share of profit	(2,512)	(1,875)	34%
Net revenue	7,687	6,761	14%
Operating expenses	(2,336)	(2,297)	2%
Profit before impairment losses and income tax	5,351	4,464	20%
Impairment losses	(823)	(392)	110%
Income tax	(24)	(22)	12%
Net profit for the period	4,504	4,050	11%
Key ratios			
Net Funding Income Margin %	3.11%	3.23%	(12 bps)
Cost to income ratio %	30.4%	34.0%	(360 bps)
Return on average assets %	2.34%	2.43%	(9 bps)
Return on average equity %	18.7%	17.8%	90 bps
EPS (AED per share)	0.78	0.67	0.11

Total Income & Net Revenue

Profitability remained strong with total income for the year 2017 increasing to AED 10,199 million from AED 8,636 million for 2016, an increase of 18% compared to 2016. Net revenue for 2017 amounted to AED 7,687 million, an increase of 14% compared with AED 6,761 million in 2016. Increasing share of wallet and market penetration supported by new to bank clients remained key drivers for the double digit rise in profitability.

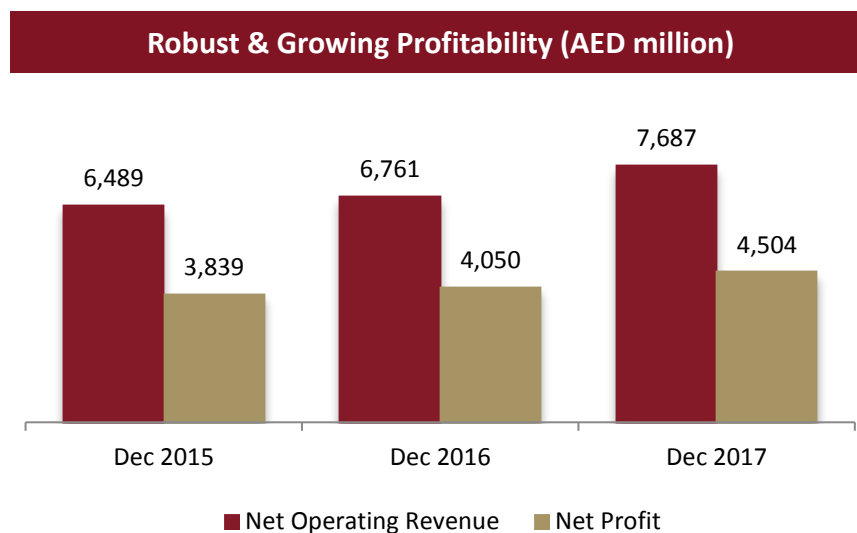
Operating expenses

Operating expenses were held nearly flat at AED 2,336 million for 2017 compared to AED 2,297 million in 2016, primarily due to efficient cost management. This resulted in the cost to income ratio improving to 30.4% compared to 34.0% at the end of 2016.



Profit for the period

Net profit for 2017, rose to AED 4,504 million from AED 4,050 million in 2016, an increase by 11% emanating from a combination of robust core business growth and effective and efficient cost management.



Statement of financial position highlights

AED Million	2017	2016	Change (%)
Net Financing assets	133,334	114,968	16%
Sukuk investments	24,023	23,409	3%
Interbank placement & CDs	23,681	9,547	148%
Equities & Properties Investments	8,942	8,158	10%
Total Earning Assets	189,980	156,082	22%
Cash & Other assets	17,357	18,889	(8%)
Total assets	207,337	174,971	19%
Customers' deposits	147,181	122,377	20%
Sukuk Issued	8,659	7,695	13%
Total liabilities	178,457	147,701	21%
Shareholder Equity & Reserve	18,592	17,154	8%
Tier 1 Sukuk	7,346	7,346	-
Non-Controlling Interest	2,942	2,769	6%
Total Equity	28,880	27,270	6%
Total liabilities and equity	207,337	174,971	19%

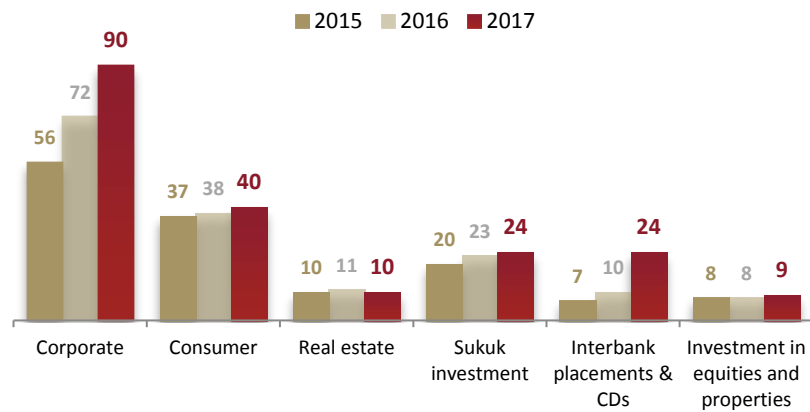
KEY RATIOS

Net Finance to customer deposit	90.6%	93.9%	(330 bps)
Tier 1 ratio	16.5%	17.8%	(130 bps)
CAR	17.0%	18.1%	(110 bps)
NPF ratios	3.4%	3.9%	(50 bps)
Coverage ratio	118%	117%	100bps

Financing portfolio

Net financing assets grew to AED 133.3 billion for 2017 from AED 114.9 billion at the end of 2016, an increase of 16% driven primarily by the continued growth of core businesses. Gross corporate banking including real estate financing assets grew by 20% to AED 99.3 billion whilst gross consumer business ended the year at AED 39.7 billion. Commercial real estate concentration maintained at around 19% and in line with targeted guidance numbers.

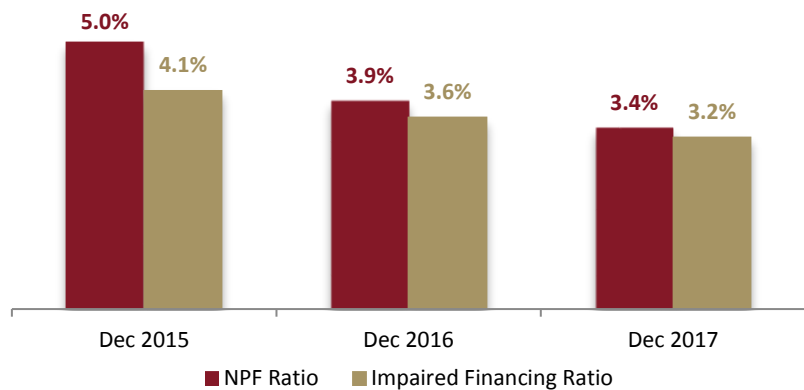
Deployment by Segment (AED bn)



Asset Quality

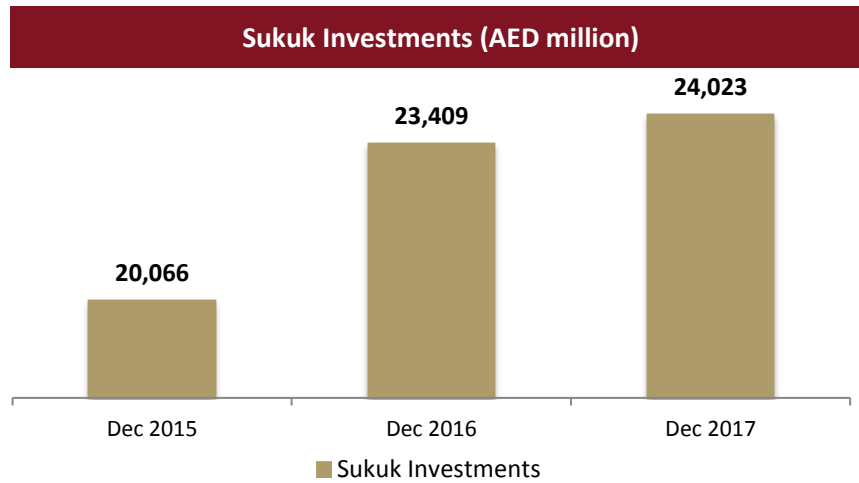
Non-performing financing have shown a consistent improvement with NPF ratio improving to 3.4% for 2017, compared to 3.9% at the end of 2016. Impaired financing ratio stood at 3.23% for 2017 from 3.59% at the end of 2016. With the buildup of provision continuing, driven primarily by collective provisioning, cash coverage stood at 118% for 2017 compared to 117% at the end of 2016. Overall coverage ratio including collateral at discounted value maintained at 157%.

Non-Performing Financing (“NPF”)



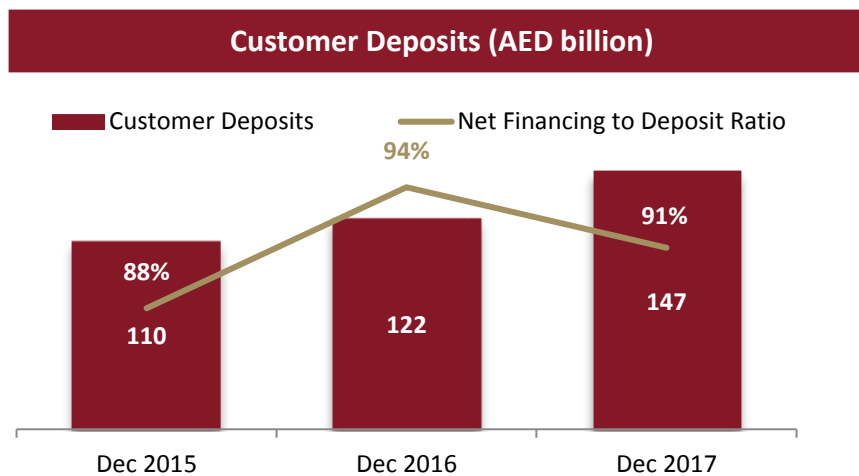
Sukuk Investments

Sukuk investments increased to AED 24.0 billion in 2017 from AED 23.4 billion at the end of 2016. The portfolio, primarily built up of listed and UAE based issuers, consists of sovereigns and other top tier names, many of which are rated.



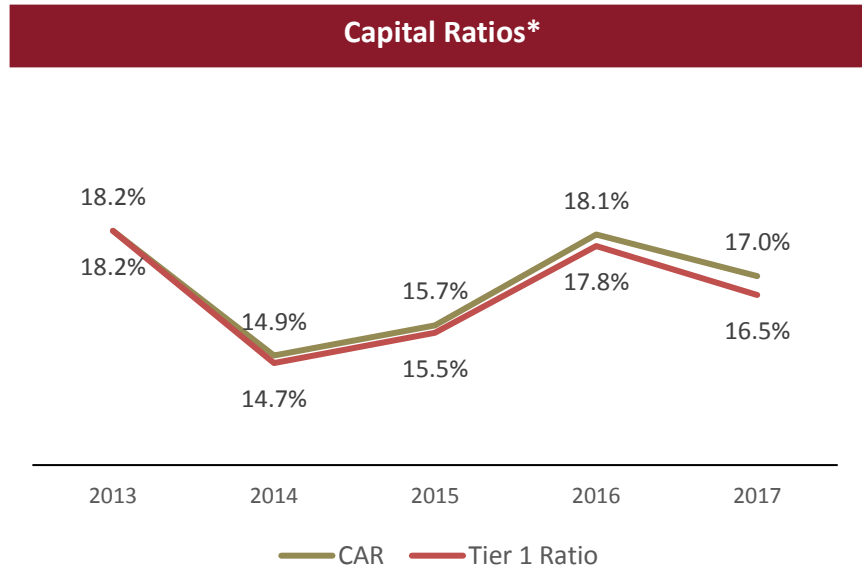
Customer Deposits

Early capacity creation, with liquidity mobilization continues to spur growth. Customer deposits for 2017 increased by 20% to AED 147.2 billion at the end of 2017, compared to AED 122.3 billion as at the end of 2016. Financing to deposit ratio of 91% as at the end of 2017 indicates one of the strongest liquidity positions in the sector.



Capital Adequacy

Capital adequacy ratio remained robust at 17.0% as of December 31, 2017, whilst T1 ratio stood at 16.5%; both ratios are well above regulatory requirement.



* Regulatory Capital Requirements CAR at 12% and Tier 1 at 8% under Basel 2.

Ratings:

	Long Term Rating	Outlook	Date
<i>Moody's Investor Service</i>	A3	Stable	August 2017
<i>Fitch Ratings</i>	A	Stable	July 2017
<i>Islamic International Rating Agency (IIRA)</i>	A/A1	Stable	November 2016

- **Aug 2017** – Moody's upgraded DIBs long-term issuer ratings to 'A3' from Baa1; outlook 'Stable'.
- **Jul 2017** - 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.
- The moves clearly point towards not just the financial strength of the existing franchise but the confidence the stakeholders have in its ability to sustain the performance in the foreseeable future.

Year to Date key deals

SUKUK				
Issuer / Obligor Name	Issuer Type	Coupon (%)	Amount Issued (USD mn)	Maturity
Emirates REIT	Corporate	5.125	400	12 Dec 2022
The Islamic Republic of Pakistan	Sovereign	5.625	1,000	05 Dec 2022
Islamic Development Bank	Supranational	2.261	1,250	26 Sep 2022
Meraas Holding (Tap on existing May 2022)	Corporate	5.112	200	31 May 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
Dar Al-Arkan	Corporate	6.875	500	10 Apr 2022
Republic of Turkey	Sovereign	5.004	1,250	06 Apr 2023
Dubai Islamic Bank	Financial Institution	3.664	1,000	14 Feb 2022
Investment Corporation of Dubai	Quasi-Sovereign	5.000	1,000	01 Feb 2027

CLUB/SYNDICATED TRANSACTIONS			
Obligor Name	Obligor Type / Sector	Total Amount (USD or USD eqv. in mn)	Signing Date
ARADA Developments LLC	Private Sector	272	Dec 2017
Al Buraq Trading & Enterprise Company LLC ABTEC	Private Sector	95	Nov 2017
International Air Finance Corporation	Corporate	692	Sep 2017
Dubai Outlet Mall	Private Sector	340	Jul 2017
ME Investments LLC	Private Sector	681	Jul 2017
Emirates Healthcare Company – Saudi German Hospitals	Private Sector	101	Jun 2017
Ziraat Participation Bank	Financial Institution	235	May 2017
Jumeirah Group	Public Sector	1,450	May 2017
Dubai Airports (FINCO)	Public Sector	3,000	May 2017
Al Baraka Turk	Financial Institution	213	Apr 2017

2017 Awards

Date	Award Giving Body	Award Received
December 2017	Islamic Business & Finance Awards 2017	Best Islamic Bank
December 2017	Islamic Business & Finance Awards 2017	Best Islamic Retail Bank
December 2017	Islamic Business & Finance Awards 2017	Best Islamic Corporate Bank
December 2017	Islamic Business & Finance Awards 2017	Best Sukuk Arrange
December 2017	Islamic Business & Finance Awards 2017	Islamic Banker of the Year – Dr. Adnan Chilwan
November 2017	MEED Awards 2017	Financial Institution of the Year
November 2017	2017 Indian Innovator Awards, Entrepreneur of the Year Annual Awards Ceremony	Banking Innovation Award – Dr. Adnan Chilwan
November 2017	Islamic Retail Banking Awards	Strongest Islamic Retail Bank in the UAE 2017
October 2017	LinkedIn MENA Talent Awards	Most Social Executive in the UAE's Private Sector
September 2017	Dubai Service Excellence Scheme	Best Service Performing Outlet - Banking Services business category
August 2017	Yallacompare	Islamic Home Finance provider of the year
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 - 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.

In addition to being the first and largest Islamic bank in the UAE, DIB has a significant international presence as a torchbearer in promoting Shari'ah-compliant financial services across a number of markets worldwide. The bank has established DIB Pakistan Limited, a wholly owned subsidiary which is the first Islamic bank in Pakistan to offer Priority & Platinum Banking, as well as the most extensive and innovative portfolio of Alternate Distribution Channels. The launch of Panin Dubai Syariah Bank in Indonesia early in 2017 marks DIB's first foray in the Far East, the bank owns a nearly 40% stake in the Indonesian bank. Additionally, in May 2017, Dubai Islamic Bank PJSC was given the license by the Central Bank of Kenya (CBK) to operate its subsidiary, DIB Kenya Ltd.

The Bank's ultimate goal is to make Islamic finance the norm, rather than an alternative to conventional banking 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. A clear indication of the bank's leadership position in the Islamic finance sector, DIB named the Best Islamic Bank in the various prestigious ceremonies. In 2017, DIB won the coveted Global Islamic Business Award in its first edition in the region and was presented to the bank during the 23rd edition of the Business Excellence Awards Ceremony.

For more information, please visit us at www.dib.ae

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For more PR information, please contact:

Dubai Islamic Bank

Nicole Hayde

Head of Strategic Communication

Direct: +971 4 207 5251

Email: Nicole.Hayde@dib.ae

Weber Shandwick

David Ross

Senior Account Director

Direct: +971 4 445 4254

Email: DRoss@webershandwick.com