



Press Release:

Dubai Islamic Bank Group Nine Months Financial Results

Net profit up by 7% to over AED 3 billion

Dubai, October 24, 2016

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 period ended September 30, 2016.

Year to Date Results Highlights:

Resilient performance amidst market volatilities

- Group Net Profit increased to AED 3,011 million, up 7% compared with AED 2,801 million for the same period in 2015.
- Strong growth in gross revenue with total income increasing to AED 6,410 million, up 16% compared with AED 5,526 million for the same period in 2015.
- Net Operating Revenue increased to AED 5,048 million, up 5% compared with AED 4,788 million for the same period in 2015.
- Impairment losses declined to AED 304 million compared with AED 341 million for the same period in 2015.
- Cost to income ratio remained stable at 34.0% compared with 34.1% for the same period in 2015, in line with guidance for the year.

Strong balance sheet growth

- Net financing assets stood at AED 111.1 billion up by 14%, compared to AED 97.2 billion at the end of 2015, in line with guidance for the year.
- Sukuk investments stood at AED 21.5 billion, an increase of 7%, compared to AED 20.1 billion at the end of 2015.

- Total Assets stood at AED 171.5 billion, an increase of 14%, compared to AED 149.9 billion at the end of 2015.

Asset quality continues to improve

- NPLs showing a consistent decline with NPL ratio improving to 4.4%, compared to 5.0% at the end of 2015.
- Provision coverage ratio improved to 102%, compared to 95% at the end of 2015. Overall coverage including collateral at discounted value now stands at 152%, compared to 147% at the end of 2015.

Steady growth in customer deposits

- Customer deposits stood at AED 121.8 billion compared to AED 110.0 billion at the end of 2015, up by 11%.
- CASA constituted 40% of total deposit base compared to 41% at the end of 2015.

Improved capital position post rights issue

- Capital adequacy ratio remained strong standing at 18.2% as of Sep 2016, as against 12% minimum required.
- Tier 1 CAR stood at 18.0% against minimum requirement of 8%.
- Financing to deposit ratio stood at 91% depicting strong liquidity.

Enhancing value for shareholders

- Earnings per share stood at AED 0.49 for the nine months ending September 30, 2016.
- Return on assets steady at 2.44% in for the nine months ending September 30, 2016.
- Return on equity stood at 17.40% for the nine months ending September 30, 2016.

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:

"Despite somewhat difficult times for the global economy, the UAE economy and banking sector continues to remain resilient with healthy profitability and strong capitalization levels across the industry. Dubai's economic diversification has placed the emirate in a robust position to actively pursue its long term goals, particularly in the field of Islamic finance and economy. DIB's strategy remains aligned to the emirate's agenda as the bank has, once again, come out with a stellar performance despite the challenging environment."

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

The bank's year to date performance has been very encouraging on the back of the strategy we had embarked on in 2014. We are clearly positioning the bank strongly for future as we continues to progress steadily towards our strategic and financial aspirations. The sustained improvement in our asset quality throughout the last few years is a further testament to our continued discipline and proactive approach towards risk management. Our growth momentum remains solid driven by the expansion of our core business as we continue penetrate in existing and new sectors.

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

"Everyone talks of organizational agility today", said Dr. Adnan Chilwan, GCEO, DIB. "We have to be nimble and quick to respond to the market volatilities which have been the only constant over the current times. Whilst being able to think on your feet is important, I am of the view that such capabilities and, consequently the associated flexibility, can be built into the DNA of the organization, and these then become the critical drivers in turbulent periods. DIB has, over the years, proven just that. We used all ingredients available to us – people, technology, expertise to name a few – and combined them to create this platform that sustained growth throughout the last three years when the market was definitely being viewed as challenging to say the least.

"Our balance sheet has grown by more than 50% in under three years which, given the global economic environment, is a remarkable feat", he added. "In doing so we have nearly doubled our financing book, yet managed to maintain a strong liquidity position. Finally, we have kept the interest of all stakeholders in mind, so whilst the shareholder's returns have been growing with rising profitability, the asset quality and capitalization remain strong and robust, a testament to both the quality of the financing book and the quality of risk management practices deployed within the bank. I look forward to another strong performance from DIB as we close 2016 and am confident of many more prosperous years ahead."

Financial Review

Income Statement highlights:

AED million	9M 2016	9M 2015	Change (%)
Total Income	6,410	5,526	16%
Depositors'/sukuk holders share of profit	(1,362)	(738)	85%
Net revenue	5,048	4,788	5%
Operating expenses	(1,716)	(1,634)	5%
Profit before impairment losses and income tax	3,332	3,154	6%
Impairment losses	(304)	(341)	(11%)
Income tax	(17)	(12)	40%
Net profit for the period	3,011	2,801	7%
<u>Key ratios:</u>	9M 2016	9M 2015	FY 2015
Net Funding Income Margin %	3.20%	3.64%	3.63%
Cost to income ratio %	34.0%	34.1%	34.3%
Return on average assets %	2.44%	2.69%	2.71%
Return on average equity %	17.40%	19.72%	19.03%
EPS (AED per share)	0.49	0.55	0.81

Total Income

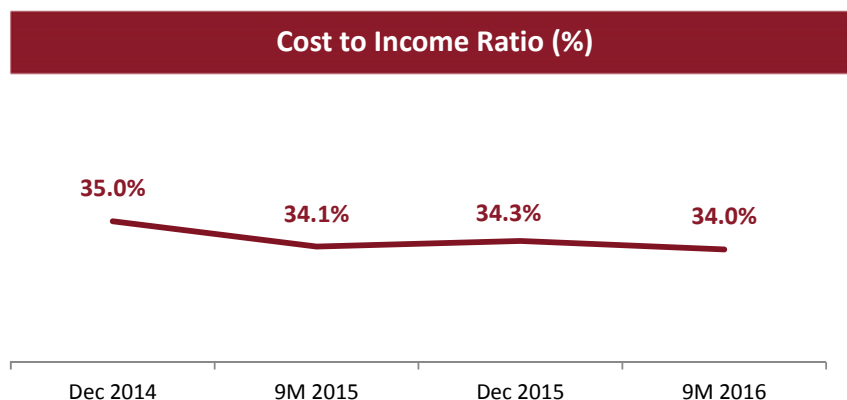
Profitability remained strong despite challenging economic environment. Total income for the period ended September 30, 2016 increased to AED 6,410 million from AED 5,526 million for the same period in 2015, an increase of 16% driven primarily by continued growth in core businesses. Income from Islamic financing and investing transactions increased by 18% to AED 4,767 million from AED 4,043 million for the same period in 2015. Fees and commissions have increased by 15% to AED 1,119 million compared to AED 975 million for the same period in 2015.

Net revenue

Net revenue for the period ended September 30, 2016 amounted to AED 5,048 million, an increase of 5% compared with AED 4,788 million in the same period of 2015. The increase is attributed to build up of core financing assets as well as growth in commissions and fees.

Operating expenses

Operating expenses slightly increased by 5.0% to AED 1,716 million for the period ended September 30, 2016, from AED 1,634 million in the same period in 2015, primarily due to growth in business volumes. However, cost to income ratio remained stable at 34.0% compared to 34.1% for the same period in 2015, in line with guidance for the year.

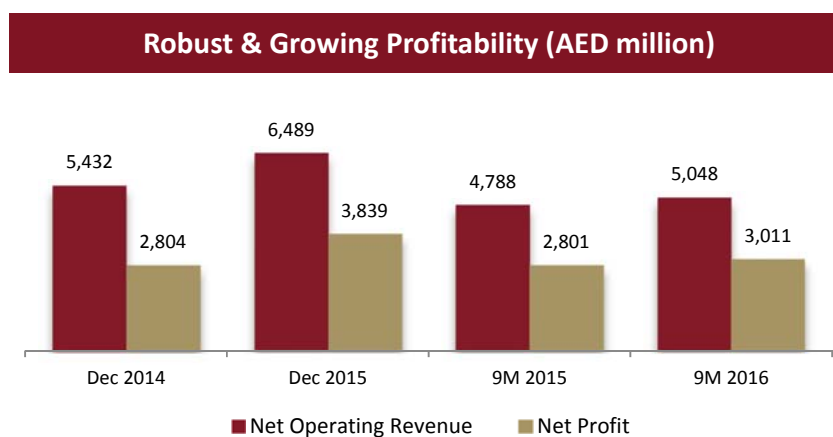


Impairment losses

Impairment losses declined to AED 304 million compared with AED 341 million for the same period in 2015, an improvement of 11%. NPLs dropped by 60 bps within the first nine months to reach to 4.4%, showing continuous and constant improvement in asset quality

Profit for the period

Net profit for the period ended September 30, 2016, rose to AED 3,011 million from AED 2,801 million in the same period in 2015, an increase by 7% depicting robust profitability growth despite slow economic environment.

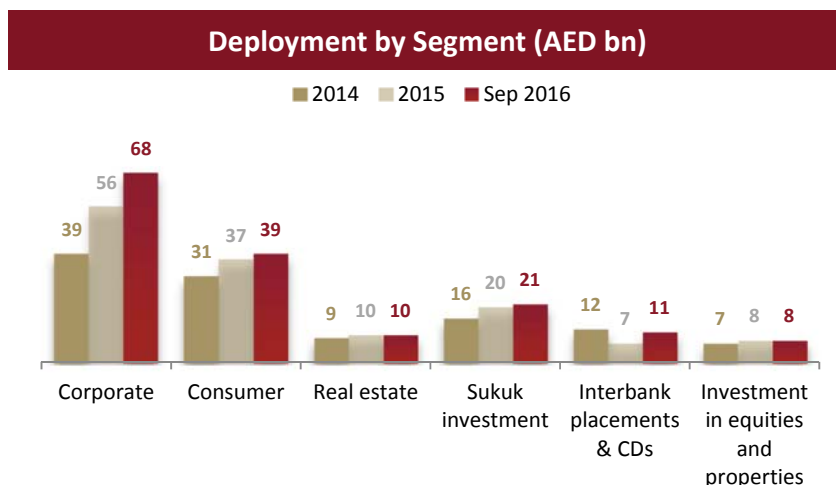


Statement of financial position highlights:

AED Billion	Sep 2016	Dec 2015	Change (%)
Net Financing assets	111,147	97,220	14%
Sukuk investments	21,491	20,066	7%
Interbank placement & CDs	11,497	7,291	58%
Equities & Properties Investments	8,297	8,053	3%
Total Earning Assets	152,432	132,630	15%
Cash & Other assets	19,060	17,268	10%
Total assets	171,492	149,898	14%
Customers' deposits	121,854	109,981	11%
Sukuk Financing Instruments	7,438	5,602	33%
Total liabilities	144,890	127,104	14%
Shareholder Equity & Reserve	16,608	13,123	27%
Tier 1 Sukuk	7,346	7,346	-
Non-Controlling Interest	2,648	2,325	14%
Total liabilities and equity	171,492	149,898	14%
<u>Key ratios:</u>			
Finance to customer deposit	91%	88%	3%
Financing (including sukuk) to customers' deposits	109%	107%	2%
Tier 1 ratio	18.0%	15.5%	2.5%
CAR	18.2%	15.7%	2.5%
NPL ratios	4.4%	5.0%	(0.6%)
Coverage ratio	102%	95%	7%

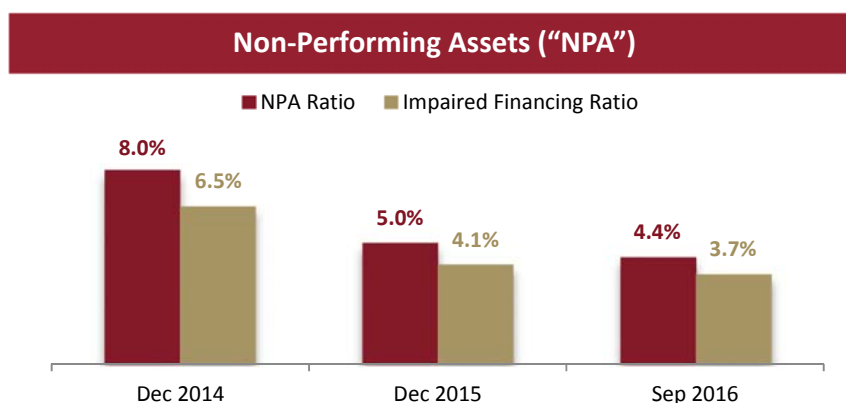
Financing portfolio

Net financing assets grew to AED 111.1 billion for the period ended September 30, 2016 from AED 97.2 billion as of end of 2015, an increase of 14% as the bank continued its penetration in various targeted sectors particularly on the wholesale side of the business. Corporate banking grew at 21% to AED 68 billion whilst consumer business grew by 5% to AED 39 billion.



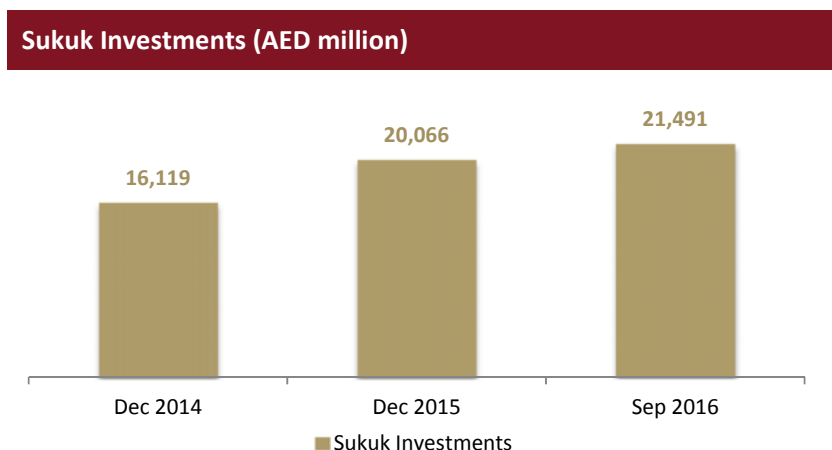
Asset Quality

Non-performing assets have shown a consistent decline with NPL ratio improving to 4.4% for the period ended September 30, 2016, compared with 5.0% at the end of 2015. Impaired financing ratio also improved to 3.7% for the period ended September 30, 2016 from 4.1% at the end of 2015. The improving NPLs and impaired ratio is primarily driven by recoveries in legacy portfolio as well as continuous growth in the quality asset book. With constant buildup of provisions, cash coverage improved to 102% compared with 95% at end of 2015. Overall coverage ratio stood at 152% at the end of September 2016 compared to 147% at the end of December 2015.



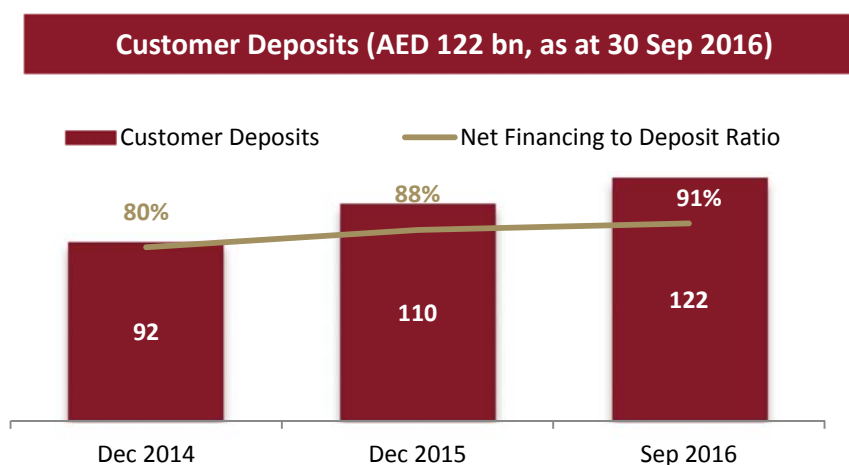
Sukuk Investments

Sukuk investments increased by 7% for the period ended September 30, 2016 to AED 21.5 billion from AED 20.1 billion at end of 2015. The primarily dollar denominated portfolio consists of sovereigns and other top tier names many of which are rated.



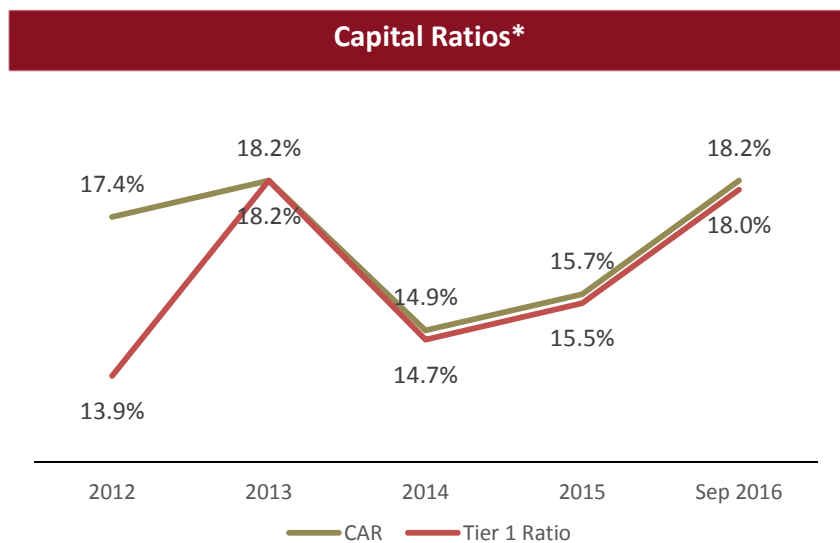
Customer Deposits

Customer deposits for the period ended September 30, 2016 increased by 11% to AED 122 billion from AED 110 billion as of end of 2015. CASA component stood at AED 48.2 billion compared with AED 44.6 billion in 2015. Investment deposits grew by 13% for the period ended September 30, 2016 to AED 73.6 billion from AED 65.4 billion as at end 2015. Financing to deposit ratio of 91% as of September 2016 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 18.2%. This strong level of capitalization will be a major factor in supporting the future growth agenda.



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

Key business highlights for the 3rd quarter of 2016:

- In August, Fitch Ratings re-affirmed the Long and Short Term Issuer Default Rating (IDR) for DIB. The bank retains its credit ratings despite challenging global macro-economic conditions which stands at Long Term IDR at 'A' with a 'Stable' outlook and Short Term IDR at 'F1'. The ratings are driven by improving asset quality, healthy profitability metrics with sound liquidity and funding supported by a large and stable deposit base.
- Islamic International Rating Agency (IIRA) has reaffirmed the international scale ratings for Dubai Islamic Bank (DIB) at 'A/A1'. On the national scale, ratings have been reaffirmed at 'AA-(ae)/A1+(ae)'. These ratings are driven by a sound risk profile supported by continued improvement in profitability and asset quality markers.

- Some key deals / transactions for the 3rd quarter:

SUKUKS		
Date	Issuer / Obligor Name	Amount Issued (USD)
Sep 2016	Emirates Islamic Bank (Tap Issuance)	250,000,000
Sep 2016	Sharjah Islamic Bank	500,000,000
Sep 2016	Emaar Properties	750,000,000
Oct 2016	Government of Pakistan	1,000,000,000

SYNDICATIONS			
Date Signing	Issuer / Obligor Name	Facility Size	Notes
July 2016	Dubai Silicon Oasis	AED 1,000,000,000	Joint Coordinators
July 2016	International Airfinance Corporation / Saudi Airlines	USD \$ 664,000,000	Joint Bookrunners – DIB, ADCB, Gulf International Bank, National Commercial Bank
September 2016	Government of Pakistan	USD \$ 200,000,000	Joint Bookrunners – DIB, Noor Bank

Year to date 2016 Awards

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:

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 200 branches across 62 major cities in Pakistan. DIB has also started operations in Jordan, with the establishment of Jordan Dubai Islamic Bank, and 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 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 185 local, regional and international accolades that it has won since 2004. DIB has won awards across diversified areas, including retail, corporate and investment banking, as well as CSR and consultancy services. ***Dubai Islamic Bank has been also declared the winner of the "Best Islamic Bank, UAE - 2016" by World Finance - Islamic Finance Awards 2016.*** DIB's notable recognitions recently included being named the "Best Retail Bank ME", "Best Corporate Bank ME", "Best Commercial Bank ME", "Best Sukuk Arranger ME" and winning "Best Sukuk Deal" award at the Islamic Business & Finance Awards 2015, in addition to receiving five accolades at the Banker Middle East Industry Awards 2015 for being named as the "Best Islamic Bank"; "Best Sukuk Arranger"; "Best Islamic Retail Bank", "Best Premium Bank - UAE" and "Best Investment Bank". DIB was also recognised for its retail banking services at the Banker Middle East Product Awards 2015, where it won the accolades for "Best Islamic Card" and "Best GCC Equity Fund", ***as well as being chosen as the "Islamic Bank of the Year -UAE" and "Most Established Bank of the Year - UAE" at 2015 Business Excellence Awards for the second consecutive year. Earlier this year,*** the bank has been recognised for its expertise in arranging complex deals, winning accolades for "Murdarbah Deal of the Year"; "Ijarah Deal of the Year"; and "Pakistan Deal of the Year" at the Islamic Finance News Deal of the Year Awards 2015. Lately, Dubai Islamic Bank has been honored by Ministry of Social Affairs, with the accolade for "Private Sector First Class Category" at the Emirates Social Award, in recognition of its contribution to bolstering the social welfare of the country, whilst DIB Foundation, has been rewarded with "Private Sector Second Class Category" during the award ceremony aiming to recognize individuals, companies, private and government sector stakeholders for their commitment to developing the local community.

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