



IIRA Reaffirms Dubai Islamic Bank's Ratings while Corporate and Shari'a Governance Scores are Revised upwards

Manama, January 19, 2026 – Islamic International Rating Agency (“IIRA”) has maintained the international scale ratings assigned to Dubai Islamic Bank (“DIB” or “the Bank”) at A+/A1 (Single A Plus / A One) and national scale ratings at AA (ae)/A1+(ae) (Double A / A One Plus) while keeping the outlook on the ratings as ‘Stable’.

UAE’s economic growth has proved to be resilient despite lower oil prices, with increased oil output and robust non-oil activities underpinning recent growth. The UAE economy is expected to post 4.9% real GDP growth for 2025 and is projected to accelerate further by 5.3% in 2026 with 6.5% and 4.8% growth in hydrocarbon and non-hydrocarbon GDP. The banking sector’s growth performance was supported by both strong economic momentum as well as accelerated population inflows, reflective of a conducive policy environment. Moreover, notable decline in non-performance indicators and muted cost of risk held up the sector’s profitability in a low-rate environment. CET-1 Ratio at 14.6% and LCR over 150% as of June 2025, depicts healthy capital and liquidity buffers, to allow for continued growth in the medium term.

DIB’s strong asset growth during 2024 proved sustainable and continued into 2025, with the Bank management revising its previous estimate of 15% growth in net financings & sukuk to 20%. Increasing corporate business reflected both healthy economic activity in UAE and the GCC at large, most notably in the Kingdom of Saudi Arabia. The retail financing portfolio growth was even stronger due to strong momentum in job creation and population growth. In the medium-term, expectations of better GDP growth in UAE as well as KSA, bode well for DIB’s corporate and consumer portfolio growth.

Meanwhile, recoveries in large-ticket files resulted in noteworthy improvement in asset quality, during 2024 and 9M’25 period. After softening to 4.0% by YE2024 (YE2023:5.4%), gross non-performing financing ratio eased further to 3.1% as of September 2025, which is the lowest in the last 5 years. In addition, there was a decline in stage-2 exposures in relation to gross financing exposures, with the sum of stage-2 and stage-3 exposures accounting for 7.4% of the financing portfolio as of Sep’25 vis-a-vis 10.9% in Sep’24. In the medium term, the asset quality profile will be supported by buoyant economic activity in UAE and GCC, and the prospective rate cuts by CBUAE.

In the first nine months of 2025, the funding base of DIB rose 17.3% Ytd¹, with 21.5% expansion in deposit base. The proportion of CASA deposits in total deposits remained range bound at 37.8% as of December 2024 - slightly up from 36.6%, before retreating to 36.1% as of September 2025. Liquidity indicators remain adequate; LCR dropped to 144% as of Sep’25 from 159.4% as of Dec’24 due to acceleration in financing growth, yet remains comfortably above the regulatory threshold. NSFR had also retreated to 108% by Sep’25 (Dec’24: 111.6%).

¹ Year-to-date

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In 2025, Dubai Islamic Bank has paid cash dividend equivalent to 45% of paid-up capital, amounting to AED3.3bn. In the first nine months of 2025, regulatory capital paced behind growth in risk weighted assets, partly due to the redemption of tier-1 sukuk causing aggregate CAR to decline to 16.6% from 18.3% in Dec'24. However, CET-1 ratio-maintained uptrend reaching 13.4% as of September 2025. Despite the decline, DIB's total CAR remains comfortably above the 13.5% regulatory threshold. In the medium term, current excess capital buffers of around 310bps and prospective internal capital generation appear adequate for the Bank's growth plans.

DIB's net earnings after tax grew by 16.5% YoY to AED 8.2bn in 2024 whereas pre-tax net income paced higher at 26.7% increase over prior year. The relatively muted gains on the bottom-line were a result of higher corporate income tax. Upward momentum in earnings carried through into 9M'25 marking a further 4.3% increase YoY and a pre-tax RoAA of 2.4% - broadly in line with prior years and before the imposition of higher taxes. Going forward, accelerated volume growth should more than compensate for pressure on margins which will be relatively less significant in DIB compared to its competitors due to its relatively lower CASA deposits in total deposit mix and higher percentage of fixed rate financings. Non-funded income growth is projected to remain healthy given positive outlook for subsidiaries and a buoyant real estate market, whereas normalized provision charges and higher operating expenses may dampen some of the gains. Upside potential stems from the possibility of DIB lowering its effective tax rate back to 9% in 2026 from 15% in 2025, pending regulatory clarity and necessary approvals.

IIRA maintained the Bank's overall fiduciary score in the range of "81 – 85" which denotes strong fiduciary standards. Meanwhile, the scores for the Corporate Governance and Shari'a Governance were revised upwards to '86-90' band from '81-85', the former on account of further strengthening of control functions and acceleration of sustainability initiatives, and the latter owing to the enhancement of Shari'a Governance Framework driven partly by the reinforcement and strengthening of Sharia Compliance Division under the Group Internal Shari'a Control Department. There has been no change in DIB's Board of Directors since IIRA's prior review. The Board has more than adequate independent representation and operates with its six committees. The focus on improving control functions has been maintained in 2025 as well, by enhancing the skill sets and technological infrastructure of the functions. Meanwhile, CBUAE's Credit Risk Management Regulations and Guidelines, which became effective in October 2025, are expected to strengthen governance, risk oversight, and operational resilience within the banking sector.

In alignment with the United Arab Emirates Ministry of Climate Change and Environment's "UAE Sustainable Finance Framework 2021 – 2031" and the DIB ESG strategy, the Bank has committed to substantially grow and expand its sustainable financing portfolio by 2030 and pursuing Net Zero in its scope 1 and 2 emissions by 2030, in its UAE operations. In the 9M'25 period, DIB facilitated AED25bn of sustainable sukuk issuance, contributing to the growth of sustainable issuances in Islamic capital markets. Having underwritten AED4.0bn in new sustainable finance in the first nine months of 2025, the Bank's total portfolio reached AED16.7bn as of September 2025, across various sectors such as utilities, aviation, real estate and waste management, including financing of around 3,300 EVs. The Bank has expanded its

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sustainability disclosures to include key areas such as Responsible Investment, Human Rights, and Financing Exclusions demonstrating alignment with global best practices.

In November 2025, the Bank issued its first sustainability-linked sukuk of USD1bn introducing a performance-linked structure to the Bank's sustainable finance platform.

For further information on this rating announcement, please contact us at iira@iirating.com.

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