

Management Discussion & Analysis

FOR THE FIRST QUARTER ENDED 31 MARCH 2026



Progress Never Stops...

DIB Begins 2026 With Solid Momentum, Posting 13% YoY Revenue Growth, AED 3.5 Billion in Q1 Revenue, and Total Assets of AED 420 Billion

- Operating Profit up 12% YoY to AED 2.5 billion, reflecting a highly efficient operating model
- Broad-based revenue growth across key businesses translating into strong earnings quality with AED 2.1 billion in pre-tax Net Profit and pre-tax ROTE of 21%
- Disciplined balance sheet growth with net financing and sukuk investments up 3% YTD to AED 364 billion
- Asset quality strengthened further, with NPF ratio improving to 2.5%
- Capital strength maintained with CET1 at 12.6% and CAR at 15.8%, supporting sustainable growth

Key Q1'26 Performance Metrics:

Strong Momentum	Disciplined Growth	Financial Strength
Operating Revenue  ₹ 3.5 bn +13% YoY	Net Financing Assets & Sukuk Investments  ₹ 364 bn +3% YTD	NPF Ratio  2.5% (14) bps YTD
Operating Profit  ₹ 2.5 bn +12% YoY	Customer Deposits  ₹ 322 bn +1% YTD	CET1 Ratio  12.6% +30 bps YTD
Pre-tax Profit  ₹ 2.1 bn 1% YoY	Total Assets  ₹ 420 bn +1% YTD	CAR Ratio  15.8% +30 bps YTD

Income Statement:

- Operating Revenues reached AED 3.5 billion in Q1'26, recording a solid 13% YoY growth, driven by broad based momentum across key revenue streams, including a 5% YoY increase in Funded Income and a 30% YoY rise in Non Funded Income
- Operating profit increased by 12% YoY to AED 2.5 billion, driven by solid revenue growth and continued cost discipline, underscoring the Bank's highly efficient operating model with cost to income ratio of 28.2%.
- Pre-tax profit reached AED 2.1 billion, reflecting the resilience of the Bank's earnings profile despite a lower rate environment and softer recoveries during the quarter.

Balance Sheet

- Net Financing Assets and Sukuk Investments portfolio expanded by 3% YTD to AED 364 billion, supported by steady business momentum during Q1'26, with total gross new financing and Sukuk investments of AED 29 billion in the quarter.
- Balance sheet expansion remained steady, with total assets reaching AED 420 billion, and customer deposits growing to AED 322 billion, supported by a diversified and stable funding base.

Asset Quality

- Asset quality remained robust, underpinned by prudent risk management and portfolio diversification.
- The NPF ratio improved to 2.5%, declining by 14 bps YTD.
- The Bank's solid asset quality was further reinforced by strengthening coverage ratios, with the cash coverage ratio improving to 122%, up 200 bps YTD, while the total coverage ratio remained firm at 160%.

Capital

- The Bank continued to maintain capital levels well in excess of regulatory thresholds.
- The CET1 ratio improved to 12.6%, supported by retained earnings and disciplined capital management.
- The Bank continued to maintain robust capital buffers, with CAR increasing to 15.8% during the period.

Liquidity:

- The Bank continued to maintain a strong liquidity and funding position throughout the period.
- The Bank maintained solid liquidity buffers, with regulatory ratios comfortably above minimum requirements, reflected in an LCR of 121% and NSFR of 106%
- The Bank's deposit base expanded to AED 322 billion in Q1'26, driven by growth in low-cost CASA balances of AED 6 billion.



“As a leading institution in the UAE and in Islamic finance globally, the Bank remains committed to supporting the real economy, enabling opportunity across sectors, and contributing to the long-term ambitions of the UAE”

His Excellency Mohammed Ibrahim Al-Shaibani

Director-General of His Highness The Ruler's Court of Dubai and Chairman of DIB

“The first quarter of 2026 has once again shown the strength of the UAE’s foundations and the confidence that its economy continues to command, even as regional developments shape a more watchful external environment. What distinguishes the UAE in times such as these is not only the resilience of its economy, but the clarity of its leadership, the strength of its institutions and the readiness of its policy framework to preserve stability, support growth and maintain confidence across the system. The measures announced by the Central Bank of the UAE during the period are a further reflection of that preparedness and of the soundness of the country’s financial sector architecture.

Against this backdrop, DIB’s Q1 performance reflects the benefits of scale, discipline and strategic consistency. The Bank continues to operate from a position of strength, with net financing assets and sukuk investments reaching **₹ 364 billion** and customer deposits standing at **₹ 322 billion** by the end of the first quarter. These are not only indicators of scale; they reflect the strength of the franchise, the confidence of our customers and our ability to continue supporting economic activity with prudence and purpose.

alone. As a leading institution in the UAE and in Islamic finance globally, the Bank remains committed to supporting the real economy, enabling opportunity across sectors, and contributing to the long-term ambitions of the UAE through a model built on strong governance, sound risk discipline and responsible growth. The task ahead is not simply to preserve strength, but to deploy it well, with prudence, purpose and a clear commitment to supporting the UAE’s progress while building enduring institutional value.”



“The quarter reflects healthy business momentum, improving earnings diversification and the continued strength of the Bank’s core franchise”

Dr. Adnan Chilwan

Group Chief Executive Officer of DIB

“DIB delivered a strong start to 2026, with operating revenue rising to **₹ 3.5 billion**, up **13%** year-on-year, and pre-tax profit reaching **₹ 2.1 billion**. The quarter reflects healthy business momentum, improving earnings diversification and the continued strength of the Bank’s core franchise.

Our revenue profile continued to broaden during the quarter. Funded income increased by **5%** year-on-year, while non-funded income grew by **30%**, reflecting stronger contribution from across the business and a more balanced income mix overall. This helped drive operating profit to **₹ 2.5 billion**, while pre-tax return on tangible equity remained strong at **21%**, in line with our focus on quality growth and sustained profitability.

Balance sheet expansion remained healthy and well supported. Net financing assets and sukuk investments grew to **₹ 364 billion**, supported by more than **₹ 24 billion** in gross new financing and over **₹ 5 billion** in gross new sukuk investments during the quarter. Customer deposits rose to **₹ 322 billion**, reinforcing the depth of our funding base and providing solid support for continued business growth.

Asset quality also continued to improve, with the non-performing financing ratio declining to **2.5%**, while cash coverage strengthened to **122%**. These metrics reflect the quality of our underwriting, the effectiveness of our risk discipline and our continued focus on preserving balance sheet strength as we grow.

That same prudence continues to shape the way we manage risk. Our provisioning approach, including the addition of management ECL overlay where appropriate, reflects a deliberate and disciplined stance towards risk, while supporting the long-term resilience of the Bank.

Our capital and liquidity positions also remained sound, with CET1 at **12.6%**, capital adequacy at **15.8%**, LCR at **121%** and NSFR at **106%**. This leaves us strongly positioned for the periods ahead, with the financial strength, commercial momentum and execution discipline to keep advancing our growth agenda without compromising the quality of the franchise.”

Business Segment Highlights

Consumer Banking	Local and Cross-Border Corporate Banking
Net Financing assets increased 6% YTD to AED 83 billion	Financing Portfolio increased 2% YTD to AED 188 billion
Nearly AED 11 billion in gross new originations	Nearly AED 13 billion in gross new originations
Consumer deposits reached AED 106 billion	Revenues reached AED 904 million
Revenues remained resilient at AED 1.1 billion	Corporate deposits increased to AED 213 billion, with CASA balances up 6% YTD to AED 58 billion

The segment continued to support balance sheet growth while maintaining a disciplined approach to customer base expansion and funding quality.

The business maintained diversified sector exposure, with healthy fee income momentum and solid funding growth.

Progress Across Key Strategic Priorities

Alongside its financial performance, DIB continued to make progress across digital banking, enterprise AI and sustainability. The achievements below provide additional context on the Bank's progress across key strategic priorities beyond the quarter's core financial performance.

Digital	Enterprise AI	Sustainability
98% of customers used digital channels	40+ AI and machine learning solutions supporting customer engagement and experience	AED 19.5 billion sustainable finance portfolio as at year-end 2025
97% of transactions were processed digitally	65% acceleration in routine analytics	AED 29.6 billion sustainable sukuk issuances facilitated and AED 8.8 billion holdings in green and sustainable sukuk
84% of new customers were onboarded digitally	20% automation gains, alongside stronger moderation responsiveness and a 13% campaign conversion rate	99% ESG scorecard coverage across the wholesale portfolio and zero exposure to coal or thermal coal financing

Financial Review: Income Statement

₹ millions	Q1'26	Q1'25	Change
Funded Income	2,300	2,192	5%
Non-funded Income	1,249	962	30%
Operating Revenue	3,548	3,154	13%
Operating expenses	(1,002)	(883)	14%
Operating Profit before impairment charges	2,546	2,271	12%
Impairment charges	(420)	(163)	158%
Net profit (before tax)	2,126	2,108	1%
Income tax	(327)	(311)	5%
Net profit (after tax)	1,799	1,798	-

Key Ratios (%)	Q1'26	Q1'25	Change
Net Profit Margin %	2.5%	2.9%	(40 bps)
Cost to income ratio %	28.2%	28.0%	20 bps
Cost of Risk (CoR) %	0.45%	0.20%	25 bps
Return on assets (before tax) %	2.1%	2.5%	(40 bps)
Return on tangible equity (before tax) %	21.0%	22.0%	(100 bps)
Return on assets (after tax) %	1.8%	2.1%	(30 bps)
Return on tangible equity (after tax) %	17.0%	18.0%	(100 bps)

Profitability and prudence:

- Operating revenues increased by 13% YoY to AED 3.5 billion, reflecting broad-based momentum across funded and non-funded income streams. The top line strength also reflects the Bank's ability to manage funding costs and mitigate the impact of the declining rate environment.
- Funded income remained strong at AED 2.3 billion, up 5% YoY, while non-funded income increased by 30% to AED 1.2 billion.
- Operating expenses increased by 14% YoY, reflecting continued investments in technology and digital infrastructure, while the cost-to-income ratio remained contained at 28.2%.
- Cost of risk increased to 0.45% in Q1'26 largely due to the Bank's prudent decision to set aside additional provisions in the current environment.
- Profitability remained resilient, with net profit pre-tax of AED 2.1 billion. The modest YoY growth in profitability reflects a 40 bps YoY contraction in net profit margin to 2.5%, driven by a declining rate environment.
- Pre-tax RoA moderated to 2.1% in Q1'26 due to margin compression; however, the Bank continued to deliver strong returns on equity, with pre-tax RoTE sustained at 21.0%, in line with full-year guidance.



Financial Review: Balance Sheet

₹ millions	Mar '26	Dec '25	Change
Net Financing and Sukuk Investments	363,860	352,644	3%
Equities & Properties Investments	9,710	9,416	3%
Other Assets	11,360	11,631	(2%)
Due from banks and financial institutions	4,526	5,387	(16%)
Cash & CB Balances	30,461	36,870	(17%)
Total Assets	419,916	415,948	1%
Customers' deposits	322,000	320,185	1%
Sukuk financing instruments	20,298	25,071	(19%)
Due to banks and financial institutions	7,384	1,966	276%
Other liabilities	15,402	15,591	(1%)
Total Liabilities	365,084	362,813	1%
Shareholder Equity & Reserves	44,186	42,562	4%
Tier 1 Sukuk	7,346	7,346	-
Non-Controlling interest	3,300	3,228	2%
Total Liabilities and Equity	419,916	415,948	1%

Key Ratios (%)	Mar '26	Dec '25	Change
Liquidity Coverage Ratio (LCR)	121%	157%	(36 pps)
Net Stable Funding Ratio (NSFR)	106%	109%	(3 pps)
Common Equity Tier 1 Ratio (CET1)	12.6%	12.3%	30 bps
Capital Adequacy Ratio (CAR)	15.8%	15.5%	30 bps
Non-Performing Financing (NPF)	2.5%	2.7%	(14 bps)
Cash Coverage	122%	120%	200 bps
Total Coverage	160%	160%	-

Strength and resilience:

- Resilient business growth with net financing and sukuk investments rising by 3% YTD to AED 364 billion.
- Customer deposits stood at AED 322 billion, with growth moderated as the Bank continued to optimise its funding mix and liquidity position.
- The Bank's liquidity buffers remained strong, with LCR at 121% and NSFR at 106%, both comfortably above regulatory requirements.
- Capital ratios strengthened further, with CET1 improving to 12.6% (+30 bps YTD) and CAR to 15.8% (+30 bps YTD), supported by retained earnings and disciplined capital management.
- Asset quality remained supportive, with NPF ratio improving to 2.5% and coverage ratios remaining strong, with cash coverage at 122% and total coverage at 160%.

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