FitchRatings

Banks
Islamic Banks
United Arab Emirates

Dubai Islamic Bank (Public Joint Stock Company)

Key Rating Drivers

Dubai Islamic Bank (Public Joint Stock Company)'s (DIB) Long-Term Issuer Default Ratings (IDRs) are driven by potential support from the United Arab Emirates (UAE) authorities, as reflected in its Government Support Rating (GSR) of 'a'. Its GSR reflects the authorities' strong ability, and record of, supporting the banking system, if needed. The GSR is at the level of UAE domestic systemically important banks given DIB's high systemic importance.

DIB's Viability Rating (VR) reflects the bank's improved asset-quality metrics, healthy profitability, sound funding and liquidity and solid business profile. The VR also considers the bank's fairly high concentration, in light of which we view capitalisation as moderate.

Strong Operating Conditions: Operating conditions have been solid for UAE banks in recent years, and Fitch Ratings expects them to remain strong despite growing global challenges. Our view is supported by high interest rates and healthy liquidity conditions, due to population growth and money transfers into the UAE.

Solid Domestic Islamic Franchise: DIB is the fourth-largest bank in the UAE and the largest Islamic bank, comprising 8% of total sector assets at end-2024. It offers a full range of banking products and services to retail, SME, commercial and corporate clients.

High Single-Name Concentrations: DIB has a fairly high, albeit reduced, exposure to the real estate and construction sectors (end-1Q25: 13% of gross financing), reflecting the bank's tightened risk appetite and early settlements due to favourable liquidity conditions in the UAE in recent years. Single-obligor concentrations are high, although broadly in line with peers.

Improved Impaired Financing Ratio: The bank's impaired financing ratio improved to 3.8% by end-1Q25 (end-2024: 4.2%), broadly in line with the sector-average, supported by limited impaired financing origination and accelerated growth in 1Q25. Specific financing allowances covered only 58% of impaired financing at end-1Q25, reflecting reliance on collateral. We expect the impaired financing ratio to range between 3.5% and 4% in 2025 and 2026.

Healthy Profitability: The operating profit/risk-weighted assets (RWAs) ratio declined slightly to 3.2% in 1Q25 (2024: 3.5%) on net profit margin contraction (22bp) and accelerated financing growth (5%). Net financing margin contraction was offset partially by fees and commissions growth, increasing by 5% year on year (yoy). Fitch expects the bank's net financing margin to moderate in 2025 and 2026 amid interest rate cuts, but for the bank's operating profit/RWAs ratio to remain above 2% in both 2025 and 2026.

Moderate Capitalisation: DIB's common equity Tier 1 (CET1) ratio increased to 13.4% at end-1Q25 (end-2024: 13.2%), supported by still reasonable internal capital generation. We view DIB's capital ratios as moderate given high concentrations and below sector-average reserve coverage of impaired financing. Fitch expects DIB's CET1 ratio to decline as profitability moderates, but to remain around the 13% mark.

Sound Funding and Liquidity: DIB is mainly customer deposit-funded (end-1Q25: 88% of total non-equity funding), of which a healthy 37% was current and savings accounts (CASAs). Concentrations are high by international standards, but below peers', due to the bank's strong retail franchise, and largely related to government entities where balances have historically been stable.

Ratings

Foreign Currency

Long-Term IDR	A
Short-Term IDR	F1
Long-Term IDR (xgs)	BBB-(xgs)
Short-Term IDR (xgs)	F3(xgs)
Viability Rating	bbb-
Government Support Rating	a

Sovereign Risk (United Arab Emirates)

Long-Term Foreign-Currency IDR	AA-
Long-Term Local-Currency IDR	AA-
Country Ceiling	AA+

Outlooks

Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Highest ESG Relevance Scores

Environmental	2
Social	3
Governance	4

Applicable Criteria

Bank Rating Criteria (March 2025)

Sukuk Rating Criteria (June 2022)

Related Research

UAE Bank Profits Sustained in 1Q25 Despite Lower Net Interest Margin (May 2025)

UAE Banks – Peer Review 2025 (February 2025)

Lower Interest Rates Negative for Most GCC Banks' Earnings (October 2024)

Fitch Affirms Dubai Islamic Bank at 'A', Outlook Stable; Upgrades VR to 'bbb-' (October 2024)

UAE Islamic Banks Dashboard: 2024 (October 2024)

UAE Bank Metrics Underpinned by Improved Operating Environment (September 2024)

Fitch Affirms the United Arab Emirates at 'AA-'; Outlook Stable (June 2024)

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Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

DIB's Long-Term IDR would be downgraded following a downgrade of its GSR. The latter is likely to stem from either a weaker ability of the sovereign to support the bank, which would be reflected in a UAE sovereign downgrade, or a weaker propensity to support banks.

A material deterioration in DIB's asset-quality metrics – with the impaired financing ratio increasing to 7% – or higher appetite towards riskier segments, combined with a weakening in core capitalisation (such as the CET1 ratio sustainably below 12%), would likely to lead to a downgrade of the VR.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

An upgrade of DIB's Long-Term IDR could come from an upgrade of its GSR. The latter is likely to stem from a stronger ability of the UAE authorities to provide support, as reflected in a UAE sovereign upgrade, although this is unlikely in the near term, given the sovereign's Stable Outlook.

An upgrade of DIB's VR is unlikely in the near term and would require a further reduction in single-name concentrations, combined with a strengthening of impaired loans coverage by specific provisions and core capitalisation, with a CET1 ratio sustainably above 15%.

Other Debt and Issuer Ratings

Debt Rating Classes

Rating Level	Rating
DIB Sukuk Limited	
Senior unsecured: long-term	A
Senior unsecured: long-term (xgs)	BBB-(xgs)

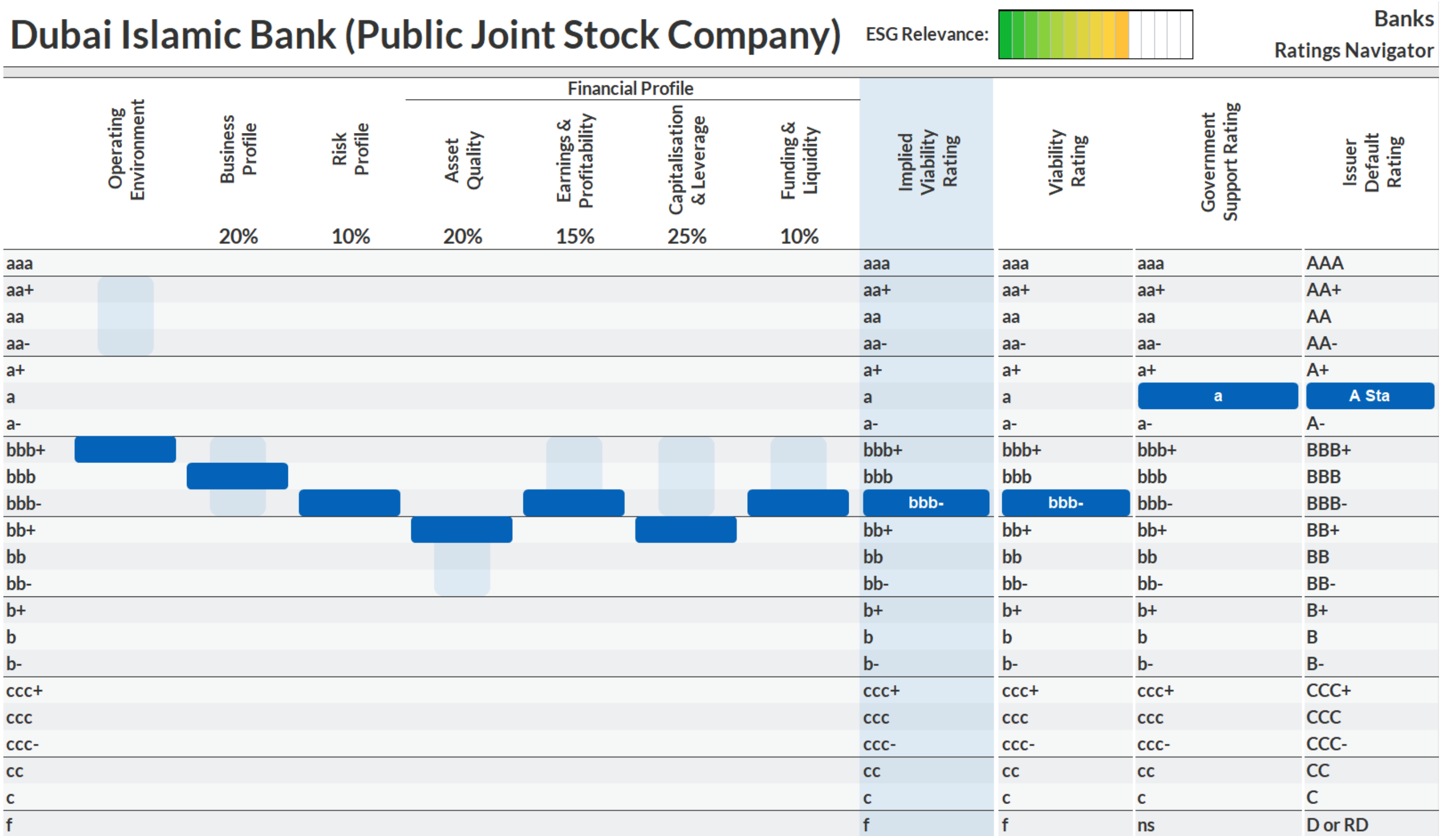
Source: Fitch Ratings

DIB's Short-Term IDR of 'F1' is the lower of the two options corresponding to a 'A' Long Term IDR, as described in Fitch's Rating Definitions. This is because a significant proportion of UAE banking sector funding is related to the government, so stress on DIB is likely to come at a time when the sovereign is also experiencing some form of stress.

DIB's Long-Term IDR (xgs) is driven by its VR, and, in turn, drives its Short-Term IDR (xgs).

The ratings of DIB's senior unsecured sukuk programme, housed under a special-purpose vehicle, DIB Sukuk Limited, are in line with its Long-Term IDR and Long-Term IDR (xgs), as a default on these obligations would be considered as a default of the bank according to Fitch's rating definitions.

Ratings Navigator



The Key Rating Driver (KRD) weightings used to determine the implied VR are shown as percentages at the top. In cases where the implied VR is adjusted upwards or downwards to arrive at the VR, the KRD associated with the adjustment reason is highlighted in red. The shaded areas indicate the benchmark-implied scores for each KRD.

VR - Adjustments to Key Rating Drivers

The operating environment score of ‘bbb+’ has been assigned below the implied category score of ‘aa’ due to the following adjustment reasons: size and structure of economy (negative) and financial market development (negative).

The capitalisation & leverage score of ‘bb+’ has been assigned below the implied category score of ‘bbb’ due to the following adjustment reason: risk profile and business model (negative).

Company Summary and Key Qualitative Factors

Operating Environment

Strong Operating Conditions for UAE Banks

Contained inflation and high interest rates support UAE banks' strong operating conditions. We expect banks' strong performance to moderate slightly in 2025. Most UAE banks are well positioned for higher interest rates and, since 2021, their earning assets yields have risen more than funding costs due to a still-high share of cheap CASA and a large percentage of floating lending on their loan books.

Fitch expects the strong business and operating environment for UAE banks to continue in 2025, underpinned by still beneficial, albeit moderating, oil prices (2025F: USD65/barrel). Fitch forecasts slightly increased real GDP growth of 3.9% for 2025 (2024: 3.5%). The high oil prices and recovered economic activity since 2021 have underpinned high GRE spending and resulted in strong non-oil GDP growth, which averaged 6.2% a year over 2021–2023.

We expect non-oil growth to slow to 3.8% in 2025 and 3.4% in 2026 (2024: 4.3%) as new resident inflows taper off, and oil prices slow. However, strong operating conditions should continue, underpinned by government spending and attractive business conditions in the UAE.

In our view, visa reforms and large-scale immigration to the UAE make a new real-estate market crash less likely. A large list of planned and budgeted development and infrastructural projects should underpin banks' business growth in the next five years.

Good liquidity and higher interest rates had resulted in a notable widening of the sector average NIM, which improved in 2023 (3.2%; 2021: 2.3%), but reduced to 3.1% in 2024 due to interest-rate cuts in 2H24. Nevertheless, the healthy NIM and low impairment charges (2024: 9% of pre-impairment operating profit; 2023: 15%) led to the banks' highest-ever operating profit/RWAs ratio – Fitch's core profitability metric – of 3.4% in 2024 (2023: 3.2%).

Lending growth accelerated to around 11% in 2024 (2023: 7.7%), and we forecast about 9% expansion in 2025. The average impaired loans ratio for Fitch-rated UAE banks declined to 4% at end-2024 (end-2023: 5.1%; end-2022: 6%) due to recoveries, write-offs and lending growth. The coverage of impaired loans by total provisions remained good at 102% at end-2024, but was weaker at some banks due to their reliance on collateral.

Average capital ratios declined by 30bp–50bp in 4Q24 due to dividend payments. The sector average CET1 capital (13.7%), Tier 1 (15.6%) and total capital adequacy (17.1%) ratios at end-2024 were close to end-2023 levels. We expect these to remain stable in 2025 due to growth in line with internal capital generation. Sector deposits grew by 10.5% in 2024, similarly to loan growth, due to solid liquidity conditions, and the sector average loans/deposits ratio was a healthy 79% at end-2024.

Fitch expects UAE banks' financial metrics (asset quality, performance, capitalisation and profitability) to be stable in 2025, and profitability metrics to moderate from high levels following expected interest-rate cuts by the US Treasury, which will be followed by the Central Bank of the UAE.

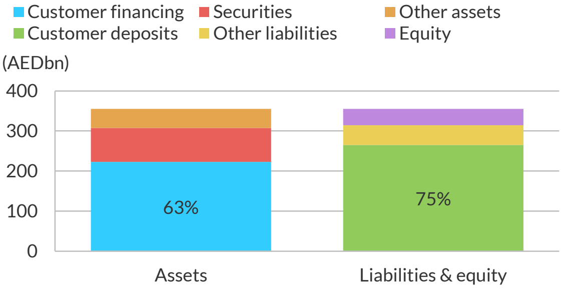
Business Profile

DIB's operations are concentrated in the UAE (end-1Q25: 86% of financing), where it has a competitive advantage in Islamic banking. DIB is the largest Islamic bank in the country and operates through 53 domestic branches. The bank also has an international presence, notably in Pakistan, Sudan, Indonesia, Bosnia, Kenya and Turkiye. DIB is 27.97% owned by the Investment Corporation of Dubai, the investment arm of the Dubai government, with the remaining shares being publicly traded.

Net financing comprised 63% of DIB's total assets at end-1Q25, split between corporate (70%) and retail (30%) customers. DIB has high exposure to the real estate and construction sectors, through direct financing (13% of gross financing at end-1Q25, albeit comparable with the sector-average estimated at 14%) and investment and development properties (2% of total assets). Revenues are reliant on net financing income (1Q25: 72% of total operating income) as fees and commissions remain moderate (17%, up from 12% in 2024). DIB is primarily customer deposit-funded (end-1Q25: 88% of total non-equity funding).

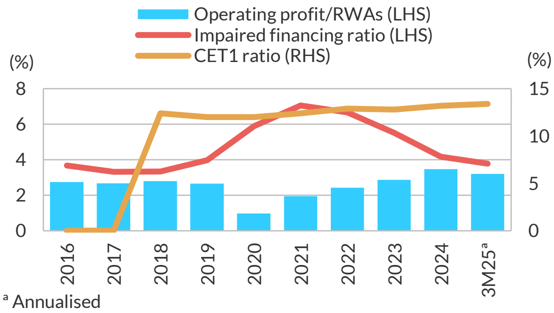
Balance Sheet

End-Mar 2025



Source: Fitch Ratings, Fitch Solutions, DIB

Performance Through the Cycle



[a] Annualised
Source: Fitch Ratings, Fitch Solutions, DIB

Risk Profile

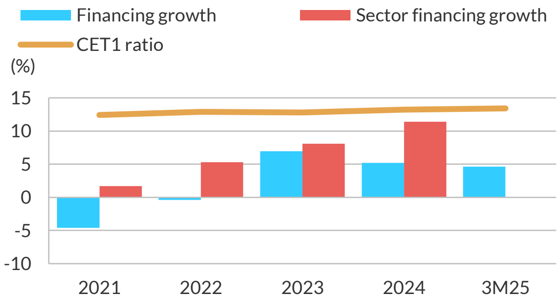
DIB's exposure to the real estate and construction sectors (end-1Q25: 13%) has declined in recent years following the bank's tightening of underwriting standards and reduction of industry concentrations, but also favourable operating conditions in the real estate sector that have translated into stronger cash flows and lower leverage of development and homebuilder companies in the UAE. The rest of the corporate portfolio is fairly diversified by subsector.

The retail book comprised 30% of gross financing, split across home (42% of total retail financing), personal (33%) and auto financing (19%). Credit cards comprised a limited 6% of total retail financing (or 2% of gross financing). Retail financing drove financing growth in 1Q25, particularly within the auto financing segment (8% growth yoy). The majority of unsecured retail financing is against salary assignments. We view the bank's retail financing business as having a good risk/reward balance.

Single-obligor concentrations remain higher than average for UAE banks. The 20 largest exposures comprised 45% of gross financing or 2.7x CET 1 capital at end-1H24. Most of DIB's largest exposures are to well-performing Abu Dhabi and Dubai GREs. Reported related-party lending comprised just 1% of gross financing at end-1Q25. DIB's financing growth has been muted in recent years and below sector averages as high interest rates and ample liquidity in the favourable UAE environment have driven higher early settlements in the corporate book – including in the real estate book, which Fitch views as positive for DIB's risk profile. DIB's financing book growth accelerated to 5% (non-annualised) in 1Q25, after a muted 5% growth in 2024.

Securities comprised 24% of total assets at end-1Q25, reflecting low financing growth in recent years and the bank's strategy to maximise returns on excess liquidity amid the high-interest rate environment. Securities are almost entirely accounted for at amortised cost (99%). DIB's market risk amounted to a limited 1% of RWAs at end-1Q25.

Financing Growth



Source: Fitch Ratings, Fitch Solutions, DIB

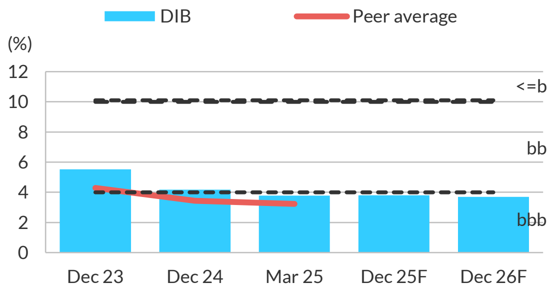
Financial Profile

Asset Quality

DIB's asset-quality metrics have improved in recent years amid favourable operating conditions in the UAE, notwithstanding muted financing growth. The bank's impaired financing ratio (Stage 3 + purchased originated credit impaired; NPF) declined to 3.8% at end-1Q25 (end-2024: 4.2%; end-2023: 5.5%), supported by low impaired financing origination (1Q25: 29bp; annualised) and write-offs in 2024, which were equal to 24% of previous year-end impaired financing stock.

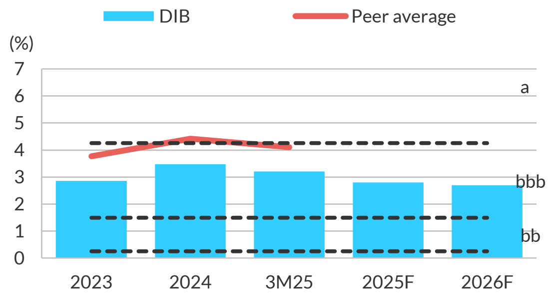
DIB's Stage 2 ratio also improved to 4.3% at end-1Q25 (end-2024: 5.0%; end-2023: 6.9%). Total reserves coverage of impaired financing increased to 78% at end-1Q25 (end-2024: 74%) but remains below the sector average. Fitch expects DIB's asset quality to remain fairly stable in 2025 and 2026, supported by solid operating conditions, declining interest rates, higher financing growth, and tightening underwriting standards. Nonetheless, high sector and single-obligor concentrations continue to pose downside risks.

Impaired Financing/Gross Financing



Source: Fitch Ratings, Fitch Solutions, banks

Operating Profit/Risk-Weighted Assets



Source: Fitch Ratings, Fitch Solutions, banks

Earnings and Profitability

DIB's operating profit increased by 14% in 1Q25 yoy, reflecting still-limited margin contraction as market rates decline. Net fees and commissions increased by 5% to a still-moderate 17% of total operating income. This is broadly in line with the UAE banks' average and is to increase further.

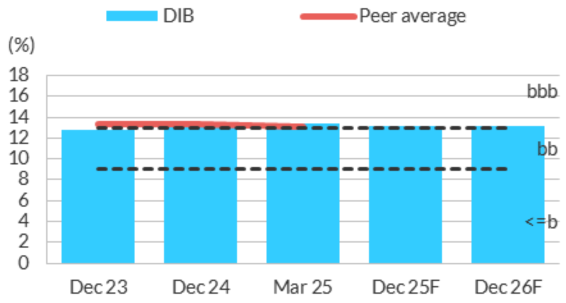
Financing impairment charges consumed a moderate 7% of pre-impairment operating profit in 1Q25 (2024: 4%) reflecting fairly limited NPF inflows. DIB's profitability is underpinned by strong cost controls, with a cost/income ratio of 28.7% in 1Q25, at the lower end of the sector range. Fitch expects DIB's net financing margin to reduce further in 2025 and 2026 on interest rate cuts, driving a slight weakening in the bank's operating profit/RWAs ratio.

Capitalisation and Leverage

DIB's CET1 ratio increased to 13.4% by end-1Q25 (end-2024: 13.2%) supported by reasonable earnings and muted RWA growth. The bank's total capital was a higher 17.3% at end-1Q25, supported by AED7.3 billion of additional Tier 1 sukuk.

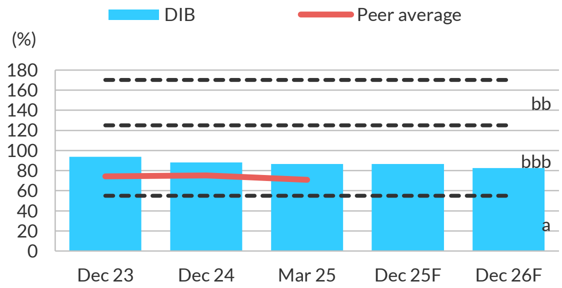
We view DIB's core capitalisation as only moderate given the bank's high single-obligor and sector concentrations, and below sector-average coverage of impaired exposures (net unreserved impaired financing accounted for 5.3% of CET1 capital at end-1Q25). Nonetheless, healthy profitability and tightened underwriting standards, as well as muted growth in recent years, underpin capitalisation. Fitch expects DIB's CET1 ratio to remain around 13% in 2025 and 2026.

CET1 Ratio



Source: Fitch Ratings, Fitch Solutions, banks

Gross Financing/Customer Deposits



Source: Fitch Ratings, Fitch Solutions, banks

Funding and Liquidity

DIB is mainly customer deposit funded (end-1Q25: 88% of total non-equity funding). The bank's retail franchise underpins its funding profile, as reflected in its share of CASAs (37%), although this remains below larger peers. Other sources of funding include senior unsecured sukuk (7%), deposits from banks (2%) and additional Tier 1 sukuk (2%). DIB maintains good access to international capital markets, as seen by its USD1 billion sustainable sukuk issuance in 1Q24.

Deposit concentration is below that of peers, but high by international standards. These largely relate to GRE entities and have proven stable. DIB's gross financing/customer deposits ratio decreased slightly to 87% (end-2024: 88%), as deposit growth (7%) outpaced financing growth.

The bank's liquidity profile is sound, with a liquidity coverage ratio of 133% at end-1Q25.

Additional Notes on Charts

The forecasts in the charts in this section reflect Fitch's forward view on the bank's core financial metrics per Fitch's *Bank Rating Criteria*. They are based on a combination of Fitch's macroeconomic forecasts, outlook at the sector level and company-specific considerations. As a result, Fitch's forecasts may materially differ from the guidance provided by the rated entity to the market.

To the extent Fitch is aware of material non-public information with respect to future events, such as planned recapitalisations or merger and acquisition activity, Fitch will not reflect these non-public future events in its published forecasts. However, where relevant, such information is considered by Fitch as part of the rating process.

Black dashed lines represent boundaries for indicative quantitative ranges and implied scores for Fitch's core financial metrics for banks operating in the environments that Fitch scores in the 'bbb' category.

Peer average includes Abu Dhabi Islamic Bank PJSC (VR: bb+), Mashreqbank PSC (bbb) and HSBC Bank Middle East Limited (bbb). Unless otherwise stated, financial year (FY) end is 31 December for all banks in this report.

Financials

Financial Statements

	31 Mar 25		31 Dec 24	31 Dec 23	31 Dec 22
	3 months - 1st quarter (USDm) Reviewed - unqualified	3 months - 1st quarter (AEDm) Reviewed - unqualified	Year end (AEDm) Audited - unqualified	Year end (AEDm) Audited - unqualified	Year end (AEDm) Audited - unqualified
Summary income statement					
Net financing & dividend income	597	2,192.6	8,966.3	8,780.1	8,160.6
Net fees and commissions	138	505.4	1,445.0	1,440.6	1,253.0
Other operating income	120	441.8	2,342.4	1,444.2	1,056.0
Total operating income	855	3,139.8	12,753.7	11,664.9	10,469.6
Operating costs	239	879.2	3,424.8	3,161.5	2,733.1
Pre-impairment operating profit	616	2,260.6	9,328.9	8,503.4	7,736.5
Financing & other impairment charges	41	152.4	406.8	1,395.8	2,102.9
Operating profit	574	2,108.2	8,922.1	7,107.6	5,633.6
Other non-operating items (net)	n.a.	n.a.	82.8	0.0	-2.5
Tax	85	310.8	839.9	97.6	79.3
Net income	489	1,797.4	8,165.0	7,010.0	5,551.8
Other comprehensive income	-12	-45.1	-240.5	-459.2	-376.5
Fitch comprehensive income	477	1,752.3	7,924.5	6,550.8	5,175.3
Summary balance sheet					
Assets					
Gross financing	62,448	229,340.0	219,187.4	208,355.9	194,835.5
- Of which impaired	2,359	8,661.7	9,138.1	11,496.7	12,985.8
Financing loss allowances	1,848	6,786.9	6,760.7	8,902.6	8,792.9
Net financing	60,600	222,553.1	212,426.7	199,453.3	186,042.6
Interbank	1,345	4,940.2	3,687.5	3,427.1	4,606.9
Islamic derivatives	233	855.8	1,001.7	1,171.5	1,830.8
Other securities and earning assets	25,422	93,364.0	90,957.5	78,125.8	61,952.0
Total earning assets	87,601	321,713.1	308,073.4	282,177.7	254,432.3
Cash and due from banks	6,911	25,379.2	28,655.0	25,076.1	26,489.1
Other assets	2,226	8,176.3	7,958.4	7,037.7	7,317.1
Total assets	96,738	355,268.6	344,686.8	314,291.5	288,238.5
Liabilities					
Customer deposits	72,116	264,847.0	248,545.8	222,054.2	198,636.9
Interbank and other short-term funding	1,971	7,239.4	5,854.5	12,967.0	12,809.5
Other long-term funding	5,827	21,400.5	24,154.4	20,481.0	22,339.7
Trading liabilities and Islamic derivatives	209	766.1	969.8	1,057.4	1,578.1
Total funding and Islamic derivatives	80,123	294,253.0	279,524.5	256,559.6	235,364.2
Other liabilities	3,401	12,490.5	12,309.4	10,297.8	8,899.3
Preference shares and hybrid capital	2,000	7,346.0	10,100.8	8,264.3	8,264.3
Total equity	11,213	41,179.1	42,752.1	39,169.8	35,710.7
Total liabilities and equity	96,738	355,268.6	344,686.8	314,291.5	288,238.5
Exchange rate		USD1 = AED3.6725	USD1 = AED3.6725	USD1 = AED3.6725	USD1 = AED3.6725

Source: Fitch Ratings, Fitch Solutions, DIB

Key Ratios

	31 Mar 25	31 Dec 24	31 Dec 23	31 Dec 22
(%; annualised as appropriate)				
Profitability				
Operating profit/risk-weighted assets	3.2	3.5	2.9	2.4
Net financing income/average earning assets	2.8	3.0	3.3	3.3
Non-financing expense/gross revenue	28.7	27.9	27.6	26.4
Net income/average equity	17.4	20.5	19.1	16.3
Asset quality				
Impaired financing ratio	3.8	4.2	5.5	6.7
Growth in gross financing	4.6	5.2	6.9	-0.4
Financing loss allowances/impaired financing	78.4	74.0	77.4	67.7
Financing impairment charges/average gross financing	0.3	0.2	0.7	0.7
Capitalisation				
Common equity Tier 1 ratio	13.4	13.2	12.8	12.9
Tangible common equity/tangible assets	11.6	12.4	12.4	12.4
Basel leverage ratio	n.a.	n.a.	12.1	n.a.
Net impaired financing/common equity Tier 1	5.3	7.0	8.2	14.1
Funding & liquidity				
Gross financing/customer deposits	86.6	88.2	93.8	98.1
Liquidity coverage ratio	133.0	159.0	187.2	150.0
Customer deposits/total non-equity funding	88.0	86.1	84.2	82.1
Net stable funding ratio	n.a.	n.a.	105.7	106.0

Source: Fitch Ratings, Fitch Solutions, DIB

Support Assessment

Commercial Banks: Government Support	
Typical D-SIB GSR for sovereign's rating level (assuming high propensity)	a or a-
Actual jurisdiction D-SIB GSR	a
Government Support Rating	a
Government ability to support D-SIBs	
Sovereign Rating	AA-/ Stable
Size of banking system	Negative
Structure of banking system	Negative
Sovereign financial flexibility (for rating level)	Positive
Government propensity to support D-SIBs	
Resolution legislation	Neutral
Support stance	Positive
Government propensity to support bank	
Systemic importance	Neutral
Liability structure	Neutral
Ownership	Neutral

The colours indicate the weighting of each KRD in the assessment.
Higher influence Moderate influence Lower influence

The UAE sovereign has a strong ability to support the banking system, underpinned by its solid net external asset position, still-strong fiscal metrics and recurring hydrocarbon revenues.

Fitch expects the UAE authorities' propensity to support the banking sector to remain high given its very strong, timely and predictable record of supporting domestic banks. This view also reflects the sovereign's close ties with, and party government ownership in, a number of banks.

DIB's GSR is at the UAE domestic systemically important banks' GSR of 'a', reflecting the bank's systemic importance in the UAE, particularly in Dubai.

Environmental, Social and Governance Considerations

FitchRatings

Dubai Islamic Bank (Public Joint Stock Company)

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

Credit-Relevant ESG Derivation				ESG Relevance to Credit Rating
Dubai Islamic Bank (Public Joint Stock Company) has 1 ESG rating driver and 5 ESG potential rating drivers	key driver	0	issues	5
Dubai Islamic Bank (Public Joint Stock Company) has exposure to board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions which, in combination with other factors, impacts	driver	1	issues	4
Dubai Islamic Bank (Public Joint Stock Company) has exposure to compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security) but this has very low impact on the rating.	potential driver	5	issues	3
Dubai Islamic Bank (Public Joint Stock Company) has exposure to shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices but this has very low impact on the rating.	not a rating driver	3	issues	2
Dubai Islamic Bank (Public Joint Stock Company) has exposure to operational implementation of strategy but this has very low impact on the rating.		5	issues	1
Dubai Islamic Bank (Public Joint Stock Company) has exposure to organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership but this has very low impact on the rating.				
Dubai Islamic Bank (Public Joint Stock Company) has exposure to quality and frequency of financial reporting and auditing processes but this has very low impact on the rating.				

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Business Profile (incl. Management & governance); Risk Profile; Asset Quality	1

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities: SME and community development programs; financial literacy programs	Business Profile (incl. Management & governance); Risk Profile	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security)	Operating Environment; Business Profile (incl. Management & governance); Risk Profile	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Business Profile (incl. Management & governance)	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	3	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices	Business Profile (incl. Management & governance); Financial Profile	1

How to Read This Page
ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.h scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy	3	Operational implementation of strategy	Business Profile (incl. Management & governance)	5
Governance Structure	4	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Business Profile (incl. Management & governance); Earnings & Profitability; Capitalisation & Leverage	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile (incl. Management & governance)	3
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Business Profile (incl. Management & governance)	2
				1

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

As an Islamic bank DIB needs to ensure compliance of its entire operations and activities with sharia principles and rules. This entails additional costs, processes, disclosures, regulations, reporting and sharia audit. This results in a Governance Structure relevance score of '4' for the bank, which has a negative impact on the bank's credit profile in combination with other factors.

In addition, Islamic banks have an ESG Relevance Score of '3' for exposure to social impacts, above sector guidance for an ESG relevance score of '2' for comparable conventional banks, which reflects certain sharia limitations being embedded in Islamic banks' operations and obligations, although this only has a minimal credit impact on the entities.

Except for the matters discussed above, the highest level of ESG credit relevance, if present, is a score of '3' - ESG issues are credit neutral or have only a minimal credit impact on DIB, either due to their nature or the way in which they are being managed by DIB. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.