Dubai Islamic Bank (Public Joint Stock Company)

Update

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 UAE authorities, as reflected in its Government Support Rating (GSR) of 'a' which indicates 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 improved asset-quality metrics, healthy profitability, sound funding and liquidity, and a solid business profile. The VR also takes into consideration a fairly high financing concentration, in light of which Fitch Ratings views capitalisation as moderate.

Strong Operating Conditions Sustained: Fitch expects the solid operating conditions for UAE banks to remain strong in 2026 despite the military conflict in the region. The impact on banks' loan growth and performance metrics would be limited under our current baseline in which the conflict remains short.

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-2025. It offers a full range of banking products and services to retail, SME, commercial and corporate clients.

Accelerated Growth: DIB's financing grew by 22% in 2025, above the sector average of 18%. As per the sector, DIB's growth in 2025 was underpinned by overseas financing, which contributed about 40% to the rise in the total gross balance during the year. Domestic credit grew by 16%, still higher than the sector's average domestic credit (estimated at 11%). The Fitch-calculated impaired financing generation ratio (net increase in impaired financing plus write-offs to average gross financing) was a negative 10bp.

Improved Impaired Financing Ratio: The ratio rose to 2.7% by end-2025 (end-2024: 4.2%), supported by limited impaired-financing origination, write-offs and accelerated growth. Specific financing allowances covered only 57% of impaired financing, reflecting reliance on collateral. The Stage 2 financing ratio was 3.8%, versus 5% at end-2024.

Moderated NFM; Healthy Profitability: The operating profit/risk-weighted assets (RWAs) ratio declined to 2.9% (2024: 3.5%) on net financing margin (NFM) contraction (39bp) and accelerated financing growth. Fitch expects the net financing margin to continue to moderate in 2026 amid intensifying competition for liquidity, but for the operating profit/RWAs ratio to remain above 2.5%, subject to stable impairment charges.

Moderate Capitalisation: We view DIB's capital ratios as moderate, given high concentrations and reserve coverage of impaired financing below the sector average. The common equity Tier 1 (CET1) ratio declined to 12.3%, from 13.2% at end-2024, on high financing growth which exceeded internal capital generation. We expect the CET1 ratio to fluctuate in 12%-13% range in 2026 on moderation in growth.

Sound Funding and Liquidity: DIB is mainly customer deposit-funded – 90% of total non-equity funding as of end-2025, of which a healthy 34% comprised current and savings accounts. Concentrations are high by international standards, but below peers, due to the bank's strong retail franchise, and are related largely to government entities where balances have historically been stable. Liquidity is strong, with a liquidity coverage ratio (LCR) of 157% and high-quality liquid assets covering deposits by 24%.

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 would be 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 be 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 would be 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 in light of our Stable Outlook on the sovereign.

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 financing 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 an '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 would be 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.

Significant Changes from Last Review

UAE Banks Have Firm Buffers Against Iran Conflict Credit Risks

The UAE banking system faces limited immediate credit risk from the regional conflict that followed the start of the Iran conflict on 28 February, as bank ratings are largely anchored by expectations of sovereign support. Fitch views most GCC sovereigns as having sufficient rating headroom and substantial asset buffers to absorb a short conflict and any brief disruption to hydrocarbon revenue, while the banks themselves generally have sound financial metrics with strong liquidity and capital buffers.

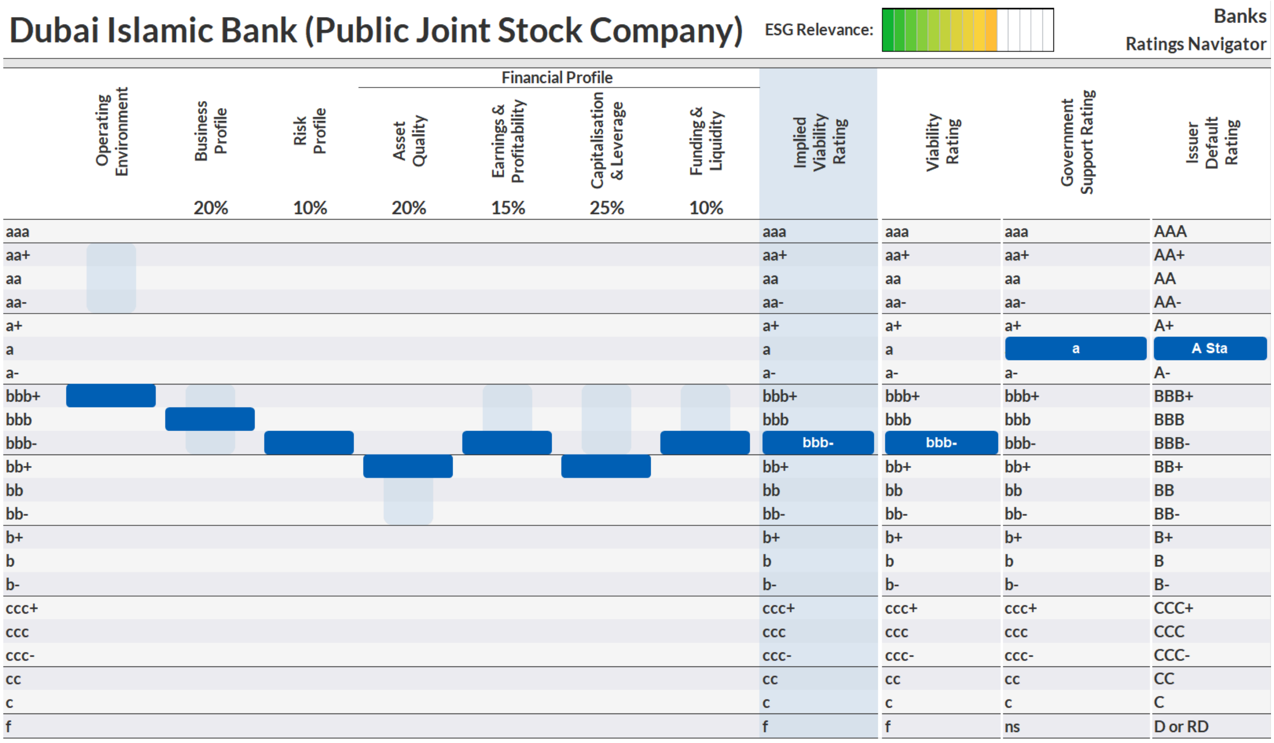
Risks would rise significantly if the conflict becomes protracted or causes lasting damage to energy export infrastructure, particularly given the importance of investor confidence and non-oil growth to operating conditions. Near-term effects could include temporary oil and gas facility closures and disruptions in the region, alongside weaker non-oil activity from suspended air travel, slower consumer spending, and the potential impact on tourism.

Under the baseline scenario, Fitch anticipates continued solid business and operating conditions for UAE banks in 2026. Growth will moderate from previous strong levels, but loan growth will remain strong and above the GCC average.

UAE banks' growth accelerated in 2025: we estimate 18% growth for the full year versus 11% in 2024. The expansion was underpinned by healthy operating conditions, but was also helped by accelerated overseas growth, particularly at some large banks. We estimate non-UAE loans represented about a quarter of the total increase in 2025, and a major part of overseas loans were provided to Saudi borrowers.

We expect asset-quality metrics to remain stable. The impaired-loans ratio improved in 2025 (2025E: 3%), supported by recoveries, write-offs and bad debt sales. Impaired loans are fully covered by total reserves, and the sector average cost of risk was a low 40bp.

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), 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).

Financials

Financial Statements

	31 Dec 22	31 Dec 23	31 Dec 24	31 Dec 25
	12 months	12 months	12 months	12 months
	(AEDm)	(AEDm)	(AEDm)	(AEDm)
Summary income statement				
Net financing and dividend income	8,161	8,780	8,966	9,000
Net fees and commissions	1,253	1,441	1,445	1,874
Other operating income	1,056	1,444	2,342	2,084
Total operating income	10,470	11,665	12,754	12,958
Operating costs	2,733	3,162	3,425	3,732
Pre-impairment operating profit	7,737	8,503	9,329	9,226
Financing and other impairment charges	2,103	1,396	407	517
Operating profit	5,634	7,108	8,922	8,709
Other non-operating items (net)	-3	0	83	293
Tax	79	98	840	1,195
Net income	5,552	7,010	8,165	7,808
Other comprehensive income	-377	-459	-241	-293
Fitch comprehensive income	5,175	6,551	7,925	7,515
Summary balance sheet				
Assets				
Gross financing	194,836	208,356	219,187	267,970
– of which impaired	12,986	11,497	9,138	7,167
Financing loss allowances	8,793	8,903	6,761	5,915
Net financing	186,043	199,453	212,427	262,055
Interbank	4,607	3,427	3,688	3,018
Derivatives	1,831	1,172	1,002	1,401
Other securities and earning assets	61,952	77,076	90,958	98,886
Total earning assets	254,432	281,128	308,073	365,360
Cash and due from banks	26,489	25,076	28,655	39,239
Other assets	7,317	8,088	7,958	11,349
Total assets	288,239	314,292	344,687	415,948
Liabilities				
Customer deposits	198,637	222,054	248,546	320,184
Interbank and other short-term funding	12,810	12,967	5,855	1,966
Other long-term funding	22,340	20,481	24,154	25,071
Trading liabilities and derivatives	1,578	1,057	970	1,295
Total funding and derivatives	235,364	256,560	279,525	348,516
Other liabilities	8,899	10,298	12,309	14,297
Preference shares and hybrid capital	8,264	8,264	10,101	7,346
Total equity	35,711	39,170	42,752	45,789

Financial Statements

	31 Dec 22	31 Dec 23	31 Dec 24	31 Dec 25
	12 months	12 months	12 months	12 months
	(AEDm)	(AEDm)	(AEDm)	(AEDm)
Total liabilities and equity	288,239	314,292	344,687	415,948
Exchange rate	USD1= AED3.6725	USD1= AED3.6725	USD1= AED3.6725	USD1= AED3.6725

Source: Fitch Ratings, Fitch Solutions, DIB

Key Ratios

(%)	31 Dec 22	31 Dec 23	31 Dec 24	31 Dec 25
Profitability				
Operating profit/risk-weighted assets	2.4	2.9	3.5	2.9
Net financing income/average earning assets	3.3	3.3	3.1	2.7
Non-financing expense/gross revenue	26.4	27.6	27.9	29.7
Net income/average equity	16.3	19.1	20.5	18.0
Asset quality				
Impaired financing ratio	6.7	5.5	4.2	2.7
Growth in gross financing	-0.4	6.9	5.2	22.3
Financing loss allowances/impaired financing	67.7	77.4	74.0	82.5
Financing impairment charges/average gross financing	0.7	0.7	0.2	0.3
Capitalisation				
Common equity Tier 1 ratio	12.9	12.8	13.2	12.3
Fully loaded common equity Tier 1 ratio	-	-	-	-
Fitch Core Capital ratio	-	-	-	-
Tangible common equity/tangible assets	12.4	12.4	12.4	11.0
Basel leverage ratio	-	12.1	-	-
Net impaired financing/common equity Tier 1	14.1	8.2	7.0	3.4
Funding and liquidity				
Gross financing/customer deposits	98.1	93.8	88.2	83.7
Liquidity coverage ratio	150.0	187.2	159.0	157.0
Customer deposits/total non-equity funding	82.1	84.2	86.1	90.3
Net stable funding ratio	106.0	105.7	111.6	109.3

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 below indicate the influence of each support factor in our assessment.
Influence: Light blue = lower; Dark blue = moderate; Red = higher

The UAE sovereign has a strong ability to support the banking system, underpinned by its solid net external asset position, fiscal metrics which are still strong, 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 part state 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

Dubai Islamic Bank (Public Joint Stock Company) has 1 ESG rating driver and 5 ESG potential rating drivers

- 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
- 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.
- 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.
- Dubai Islamic Bank (Public Joint Stock Company) has exposure to operational implementation of strategy but this has very low impact on the rating.
- 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.

			ESG Relevance to Credit Rating
key driver	0	issues	5
driver	1	issues	4
potential driver	5	issues	3
not a rating driver	3	issues	2
	5	issues	1

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

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.

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

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 an ESG Relevance Score of '4' for Governance Structure 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 a score of '2' for comparable conventional banks. This reflects certain sharia limitations being embedded in Islamic banks' operations and obligations, although it only has a minimal credit impact on the entities.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. 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/topics/esg/products#esg-relevance-scores.

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

ESG and Climate

Highest ESG Relevance Scores	
Environmental	2
Social	3
Governance	4

Applicable Criteria

Sukuk Rating Criteria (October 2025)
Bank Rating Criteria (March 2025)

Related Research

GCC Banks Are Well Buffered Against Iran Conflict Credit Risks (March 2026)
Iran Conflict's Scope and Duration Will Determine Sovereign Rating Impact (March 2026)
Islamic Syndications a Key Funding Source; Saudi, UAE Concentration (February 2026)
Fitch Affirms the United Arab Emirates at 'AA-'; Outlook Stable (June 2025)
UAE Government Initiatives to Deepen DCM and Islamic Finance Ecosystem (December 2025)
Fitch Affirms Dubai Islamic Bank at 'A', Outlook Stable; Upgrades VR to 'bbb-' (October 2024)

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