Management Discussion & Analysis H1 2025

دبي الإسلامي
DIB

Progress Never Stops...

DIB Reports Robust H1'25 Financial Results, with Operating Revenue of ⃃ 6.4 Billion Driving a 16% Increase in Pre-Tax Profit to ⃃ 4.3 Billion

- Double-digit growth in financing and customer deposits
- Significantly improved asset quality
- Balance sheet expands beyond the USD 100 Billion mark

Key H1'25 Performance Metrics:

Revenue **⃃ 6.4 Bn** +5% YoY	Profit (pre-tax) **⃃ 4.3 Bn** +16% YoY	RoTE (pre-tax) **21%** +100 bps YoY
Total Assets **⃃ 373 Bn** +8% YTD	Net Financing Assets **⃃ 237 Bn** +12% YTD	Deposits **⃃ 284 Bn** +14% YTD
NPF Ratio **3.36%** Improved by 64bps YTD	Cash Coverage **103%** Improved by 600bps YTD	Cost of Risk **0.16%** Improved by 28bps YoY

*YoY refers to variance of H1'25 over H1'24 (on annualised basis)

H1'25 Performance Highlights:

Profitability

- **Pre-tax profit** advanced 16% YoY to AED 4.3 Bn, supported by 5% increase in topline driven by strong volumes across all business lines. Net profit grew to AED 3.7 Bn as core business momentum continues, reflecting an improvement in cost of risk.
- **Impairment charges** declined 61% YoY to AED 256 Mn, driven by prudent underwriting and effective risk management, further contributing to growing profitability.

Balance Sheet

- **Balance sheet** expanded by 8% YTD to AED 373 Bn, surpassing the USD 100 Bn mark.
- **Net Financing Assets** grew 12% YTD to AED 237 Bn, reflecting healthy demand across key customer segments.
- On the wholesale front, both local and cross-border businesses contributed to this growth across sectors such as sovereigns, utilities, and aviation. The consumer business also recorded solid growth across all product lines.
- **Sukuk portfolio** grew 9% YTD to AED 89 Bn. This portfolio largely comprises of high-quality and well-rated sovereigns and FIs.
- **Customer Deposits** rose 14% YTD to AED 284 Bn, underpinned by robust customer acquisition and retention.
- **CASA balances** grew 8% YTD to AED 102 Bn, now accounting for 36% of total deposits.

Asset Quality

- **NPF ratio** fell by 64 bps YTD, improving to 3.36%, reflecting enhanced asset quality and strong recoveries.
- **Cash coverage ratio** improved by 600 bps YTD to reach 103% with total coverage ratio improved to 145%.

Capital and Liquidity

- Strong capitalisation, reflected by CET1 ratio of 13.0% and CAR of 16.7%, well above regulatory minimums.
- Healthy liquidity position, evidenced by LCR of 128% and NSFR of 107%.

The Intelligence Behind Ethical Progress

Driven by our commitment to ethical innovation, **DIB** has integrated **AI** as a strategic lever across the bank. Whilst AI at DIB is targeted at building efficiency, precision, and inclusion in every process and interaction, it is human-led governance that ultimately defines our approach in this space.

This responsible use of technology has translated into measurable gains in service delivery, portfolio growth, and operational control:

- **20%** faster service delivery, enabled by AI-led process redesign.
- **80%** reduction in model build time through cloud and big data integration.
- **35%** of retail acquisitions supported by AI-powered targeting.
- **100,000+** underserved customers reached via AI-based credit scoring models.
- **30%** reduction in false positives in risk alerts via AI prioritisation models.
- **10%** automation of back-office operations, improving turnaround and accuracy.
- **80%** faster social media moderation, enhancing reputation responsiveness.

Looking ahead, DIB will scale its AI capabilities to not only unlock deeper insights, faster execution, and greater inclusion across all segments, but ultimately to drive our ethos of creating **"Happiness with Tech"**.

Business Performance:

- DIB's **New Gross Underwriting and Sukuk Investments** in H1'25 exceeded AED 60 Bn, marking a strong 47% YoY increase from AED 43 Bn in H1'24. This growth was driven by sustained momentum across both retail and corporate segments, which recorded YoY increases of 46% and 78%, respectively.
- **Net financing assets** in Consumer Banking grew over 13% YTD to reach AED 71 Bn. Gross new underwriting in the segment totaled nearly AED 18 Bn in H1'25, 46% higher compared to H1'24. The business also added nearly 60,000 new customers, with deposits increasing by 9% YTD.
- **Local and Cross-border corporate banking** portfolio reached AED 166 Bn, up 11% YTD. Total gross new underwriting in H1'25 amounted to AED 31 Bn, 78% higher than H1'24. Growth was largely driven by strong demand across key sectors, including utilities, aviation, and financial services among others.
- The bank's **customer base** in the UAE surpassed 1.6 Mn, marking a 4% YTD increase, 80% of the new clients were onboarded digitally.
- Fully committed to the UAE's national agenda of mobilising AED 1 Trillion in sustainable finance by 2030, DIB continues to expand its portfolio of sustainable assets, recording AED 2.7 Bn in new financing during H1'25. This was in addition to facilitating nearly AED 14 Bn in Islamic capital market issuances (Sukuks) within the green and sustainability space.

A Landmark Year:

- The bank celebrated its **50th anniversary** this year, a historic milestone reflecting five decades of pioneering Shariah-compliant banking. Since its inception in 1975, DIB has played a leading role in shaping the global Islamic finance landscape and now serves more than 5 Mn customers globally. The year also witnessed the unveiling of a new corporate identity, reinforcing a vision centred on innovation, sustainability, and purpose- driven growth.

Key Collaborations, Deals and Initiatives:

- In support of national housing goals, the bank partnered with Dubai Land Department (DLD) and the Dubai Department of Economy and Tourism (DET) on a strategic initiative aligned with the Dubai Government's First Time Home Buyer Programme. The collaboration aims to make home ownership more accessible for both UAE residents and foreign investors seeking to take their first step onto the property ladder.
- DIB signed a USD 150 Mn Murabaha financing agreement with Turkcell, Türkiye's leading telecommunications and technology services provider. The facility will support Turkcell's digital infrastructure investments and further reinforces the bank's commitment to enabling the real economy through structured Islamic finance.
- DIB Academy was officially launched this year as a flagship learning and development platform dedicated to enhancing the capabilities of the bank's workforce. Designed to equip employees with future-focused skills and strategic expertise, the Academy marks a key milestone in DIB's long-term talent development roadmap. It will also serve as a bridge to potential collaborations with academic and regulatory institutions in the years ahead, aligning closely with the UAE's human capital development agenda.

> **Since its founding in 1975, DIB has evolved into a leading Islamic financial institution, with more than AED 65 billion in market capitalisation".**

His Excellency Mohammed Ibrahim Al Shaibani

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

The strength of an economy is measured by its capacity to grow responsibly, remain rooted in core principles, and maintain stability amid change. The United Arab Emirates has consistently exemplified these attributes. In the face of evolving global dynamics, it continues to stand as a model of resilience and foresight, underpinned by leadership that harmonises ambition with purpose.

The financial sector plays a central role in reinforcing this foundation. Within it, DIB has sustained its performance through sound governance and a steadfast commitment to value-based banking. The results delivered in the first half of the year reflect a legacy of progress shaped by five decades of alignment with the nation's development agenda.

This year marks a defining milestone in that journey. Since its founding in 1975, DIB has evolved into a leading Islamic financial institution, with more than AED 65 billion in market capitalisation and over AED 370 billion in assets. In the first half of 2025, the bank surpassed USD 100 billion in total assets. This is a marker not only of scale, but also of adaptability and nimbleness to respond to the everchanging global landscape. This progress affirms the strength of a long-term strategy grounded in trust, resilience, and clarity of purpose.

As we reflect on fifty years of achievements, I remain deeply confident in DIB's ability to navigate the evolving financial landscape. Our strong governance, long- term outlook, and enduring commitment to responsible growth ensure that the bank is well-positioned to continue creating lasting value to all stakeholders.

To the Board of Directors, our shareholders, our customers, and the thousands of employees who have shaped this institution, I extend my sincere appreciation. DIB's journey has been defined by trust and collective commitment. That same foundation will continue to guide our journey in the years to come.

"The milestone of surpassing USD 100 billion in total assets is not a measure of scale alone, but of a deeply ingrained intent. It is a reflection of disciplined execution against a long-term strategy to transform a concept into a global norm"

Dr. Adnan Chilwan

Group Chief Executive Officer of DIB

As we advance through this landmark year, marking five decades since DIB's founding, our first-half performance reflects disciplined execution in clear alignment with the direction defined at the outset of our current growth agenda. The milestone of surpassing USD 100 billion in total assets is not a measure of scale alone, but of a deeply ingrained intent. It is a reflection of disciplined execution against a long-term strategy to transform a concept into a global norm.

Despite the volatilities around we delivered a significant 16% rise in pre-tax profit which exceeded AED 4.3 billion. Whilst the introduction of corporate tax this year adds a new element, our post-tax profit also came in strong at AED 3.7 billion, a solid increase of 10%.

The robust profitability has led to an equally strong return on equity of 21%. It is important to note that the recent 12-month period, has also demonstrated market confidence in the management and franchise strategy as reflected in the share price movement.

Equally important is the continued improvement in asset quality. With the NPF ratio now at 3.36%, the lowest in five years, we are seeing the outcome of a deliberate and embedded approach to risk that supports growth without compromising resilience.

Looking ahead, our focus remains firmly on the substance of our strategy. Islamic finance must move beyond structure to deliver meaningful impact, serving as a platform for real economic progress. It is this clarity of purpose that ensures progress never stops."

Financial Review

Đ millions	Jun '25	Jun '24	YoY % change
Total Income	11,354	11,292	1%
Depositors'/ Sukuk holders share of profit	(4,981)	(5,234)	(5%)
Operating Revenue	6,373	6,058	5%
Operating expenses	(1,807)	(1,685)	7%
Operating Profit before impairment losses	4,565	4,373	4%
Impairment losses	(256)	(652)	(61%)
Net profit (before tax)	**4,309**	**3,721**	**16%**
Income tax	(579)	(343)	69%
Net profit (after tax)	**3,730**	**3,378**	**10%**

Key Ratios (%)	Jun '25	Jun '24	Change (bps)
Net Profit Margin %	2.7%	3.0%	(30 bps)
Cost to income ratio %	28.4%	27.8%	60 bps
Return on average assets (before tax) %	2.4%	2.4%	-
Return on tangible equity (before tax) %	21%	20%	100bps
Return on average assets (after tax) %	2.1%	2.2%	(10 bps)
Return on tangible equity (after tax) %	18%	18%	-

Đ millions	Jun '25	Dec '24	Change
Net Financing and Sukuk Investments	326,661	294,588	11%
Equities & Properties Investments	9,464	8,797	8%
Other Assets	10,966	8,960	22%
Due from banks and financial institutions	3,440	5,642	(39%)
Cash & CB Balances	22,950	26,700	(14%)
Total Assets	**373,479**	**344,687**	**8%**
Customers' deposits	283,663	248,546	14%
Sukuk financing instruments	21,397	24,154	(11%)
Other liabilities	15,252	13,280	15%
Total Liabilities	**323,314**	**291,834**	**11%**
Shareholder Equity & Reserves	39,768	39,724	0.1%
Tier 1 Sukuk	7,346	10,101	(27%)
Non-Controlling interest	3,051	3,028	0.8%
Total Liabilities and Equity	**373,479**	**344,687**	**8%**

Key Ratios (%)	Jun '25	Dec '24	Change (bps)
Liquidity Coverage Ratio (LCR)	128.0%	159.4%	(3,140 bps)
Common Equity Tier 1 Ratio (CET1)	13.0%	13.2%	(20 bps)
Capital Adequacy Ratio (CAR)	16.7%	18.3%	(160 bps)
Non-Performing Financing (NPF)	3.36%	4.00%	(64 bps)
Cash Coverage	103%	97%	600 bps

Awards H1'25

Employee Happiness Award 2025 UAE
June 2025
Best Leadership Succession Strategy - Gold Category

Mohammed Bin Rashid Housing Est.
Feb 2025
Strategic Partner Award

MEA Business Achievement Awards 2025
June 2025
50 Years of Excellence - Anniversary Milestone (Achievement) Award

Centre of Assessments for Excellence
Feb 2025
DIB Complaints Management Department
ISO Certification

Forbes Middle East
June 2025
Among the Top 100 Listed Companies 2025

MEA Finance SME Summit and Awards 2025
Feb 2025
Best Islamic Bank for SMEs

MEA Finance Banking Technology Summit & Awards 2025
May 2025
- Best Innovation in User Experience in Islamic Finance
- Best Islamic Banking System Implementation - alt

Dubai Municipality
May 2025
Strategic Partner Award

28th Emirates Environmental Group Annual Corporate Gala
March 2025
Cultivating Sustainability Award

Islamic Finance News Awards
Feb 2025
- Oman Deal of the Year
- Hybrid Deal of the Year
- Sukuk Deal of the Year
- Perpetual Deal of the Year
- Most Innovative Deal of the Year
- Pakistan Deal of the Year
- Best Digital Offering by an Islamic Bank in Kenya
- Most Innovative Islamic Bank in Kenya
- Best Islamic Investment Bank in Kenya
- Best Islamic Bank in Kenya
- UK Deal of the Year
- Best Islamic Investment Bank
- Best Islamic Bank in the UAE
- Ijarah Deal of the Year
- Best Islamic Retail Bank in Kenya
- Egypt Deal of the Year
- M&A Deal of the Year
- Best Islamic Bank for Trade Finance

Select DCM and Syndicated Deals: H1'25

SUKUK				
Issuer / Obligor Name	**Issuer Type**	**Profit Rate (%)**	**Amount Issued (USD mn)**	**Maturity**
KFH	FIG	5.376%	1,000	14-Jan-30
FAB	FIG	5.153%	600	21-Jan-30
Al Rajhi	FIG	6.250%	1,500	Perpetual
Bapco Energies	Corp	6.250%	1,000	29-Jan-35
SECO	Corp	5.225%	1,500	18-Feb-30
SECO	Corp	5.489%	1,250	18-Feb-35
Damac	Corp	7.000%	750	26-Aug-28
SIB	FIG	5.200%	500	26-Feb-30
Aldar	Corp	5.250%	500	25-Mar-35
IsDB	SSA	4.211%	1,750	18-Mar-30
EIB	FIG	5.059%	750	25-Mar-30
Mashreq	FIG	5.030%	500	22-Apr-30
Ajman Bank	FIG	5.125%	500	30-Apr-30
ADNOC	Corp	4.750%	1,500	6-May-35
Omniyat	Corp	8.375%	500	6-May-28
DP World	Corp	5.500%	1,500	8-May-35
PIF	Corp	4.875%	1,250	8-May-32
Kingdom of Bahrain	SSA	6.250%	1,750	7-Jul-33
Sobha	Corp	7.996%	500	19-Feb-29
AlRayan Bank	FIG	4.875%	500	29-May-30
SIB	FIG	6.125%	500	Perpetual
Boubyan Bank	FIG	4.973%	500	4-Jun-30
QIB	FIG	4.803%	750	12-Jun-30
Republic of Türkiye	SSA	6.750%	2,500	1-Sep-30

CLUB / SYNDICATED TRANSACTIONS			
Obligor Name	**Obligor Type / Sector**	**Total Deal Value (USD Mn)**	**Closing Date**
Avolon	Corp	1,000	01-May-25
Olam	Corp	1,850	30-May-25
Govt. of Pakistan (MOF)	SSA	1,000	18-Jun-25

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