

Dubai Islamic Bank (DIB)

Current Price (AED)	Market Cap (AED/mm)	Shares Outstanding (mm)	52 Week High (AED)
7.51 (▼-0.40%)	54,377.99	7,227.11	7.93
Month to Date (MTD%)	Quarter to Date (QTD%)	Year to Date (YTD%)	52 Week Low (AED)
4.74%	4.74%	5.92%	5.49
Price-to-Earnings Ratio(x)	Price-to-Book Ratio (x)	Dividend Yield (12month)	Book Value (AED)
7.09	1.43	5.99	5.27

Key Highlights:

Non-Funded Income growth, lower Credit Costs, and improved asset quality supported profitability.

- Dubai Islamic Bank (DIB) delivered a Net Profit (post-tax) of AED 1,797 Mn in 1Q25, up by 8% YoY which is lower than our estimate by 8%, driven by higher business volumes, lower cost of funding, and strong asset quality despite higher tax rates this year.
- DIB recorded a pre-tax profit of AED 2.1 Bn in 1Q25, reflecting a robust 14% year-on-year (YoY) growth, underpinned by quality earning asset expansion.
- Basic and diluted EPS rose to AED 0.23 for 1Q25 from AED 0.21 in 1Q24, suggesting enhanced profitability per share, which could be attractive to investors.
- Total Income declined by 2% YoY to AED 5.5 Bn in 1Q25 compared to AED 5.6 Bn in 1Q24 mainly driven by decline in Income from Islamic financing and investing transactions by 4% to AED 4.5 Bn in 1Q25 compared to AED 4.8 Bn in 1Q24.
- Net Operating revenue increased by 5% YoY to AED 3.2 Bn in 1Q25, driven by a 13% rise in non-funded income, despite a 2% decline in total income to AED 5.51 Bn, indicating a strategic shift towards diversified revenue streams. Net profit margin (NPM) at 2.9% in 1Q25 lower by 10 bps YoY, but within the guidance range of (2025F guidance: 2.8%-3.0%).
- Operating expenses amounted to AED 883 Mn during the first quarter 2025 rising by 4% YoY. The cost-to-income ratio improved by 30 bps YoY to 28.0%, demonstrating effective cost control amidst growth.
- Impairment charges continue to decline at AED 163 Mn in 1Q25, significantly lower by 45% YoY on the back of an improving asset quality. Cost-of-risk continue to be low at 20 bps for 1Q25.
- The Non-Performing Financing (NPF) ratio declined by 30 basis points (bps) to 3.7% from 4.0% in 4Q24 and 4.97% in 1Q24, with NPF amounts dropping by AED 476 Mn to AED 8.7 Bn, due to asset quality improvements and recoveries of legacy NPFs, indicating enhanced credit risk management and asset quality.
- Liquidity Coverage Ratio (LCR) stood at 133% in 1Q25, down from 159.4% as of Dec 2024, while the Common Equity Tier 1 (CET1) ratio improved to 13.4% (+20 bps) and Capital Adequacy Ratio (CAR) remained healthy at 17.3%, well above regulatory minimums, ensuring financial resilience.
- Net financing and Sukuk investments increased 4% YTD to AED 307 Bn, business growth was driven by Net Financing growth of 5% YTD to AED 223 Bn in 1Q25 and Sukuk Investment of 2% YTD to AED 84 Bn in 1Q25.
- Customer deposits reached AED 265 Bn with a 7% QoQ growth and 12% YoY, and Current and Savings Account (CASA) balances grew 4% to AED 99 Bn, comprising 37% of total deposits, signaling strong retail banking performance. (Customer deposits from Consumer represent 35%, and 65% is from Wholesale).
- Total assets grew 3% QoQ to AED 355 Bn, supported by a 7% QoQ increase in customer deposits to AED 265 Bn and a 5% QoQ rise in net financing portfolio to AED 223 Bn, reflecting healthy balance sheet growth.
- DIB Increased stake in T.O.M. Group from 20% to 25%, signaling confidence in Türkiye's digital banking and fintech ecosystem, aligning with DIB's vision for financial inclusion and Sharia-compliant innovation.

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