بنك دبي الإسلامي
Dubai Islamic Bank
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INTEGRATED REPORT

2022

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FINANCIAL REPORT

2022

بنك دبي الإسلامي

Dubai Islamic Bank

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Agenda for the Annual General Assembly Meeting of Dubai Islamic Bank P.J.S.C.

Dear Shareholders of Dubai Islamic Bank (PJSC),

The Board of Directors of Dubai Islamic Bank PJSC (the "**Bank**") is pleased to invite all shareholders to attend the Annual General Assembly Meeting ("**AGM**") of the Bank at **4.30pm on Wednesday 15 March 2023** in the **Auditorium at Mohammed Bin Rashid Library Building, AL Khail Road, Al Jaddaf**, Dubai and in case there is no quorum, the second meeting will be held at the same time and venue on Monday 20 March 2023. Shareholders will have the option to attend the AGM physically, or to attend remotely/online through the use of remote presence technology/virtual meetings with visual communication and electronic voting during the AGM (the link to attend the AGM will be sent to shareholders by text message by the Dubai Financial Market ("**DFM**")) to review and discuss the following agenda:

1. Review and ratification of the Board of Directors' report on the Bank's activities and financial position in relation to the financial year ended 31/12/2022.

2. Review and ratification of the Auditor's report for the financial year ended 31/12/2022.

3. Review and ratification of the Internal Sharia Supervision Committee report in relation to the Bank's activities during the financial year ended 31/12/2022.

4. Review and ratification of the Bank's Balance Sheet and Profit and Loss Statement for the year ended 31/12/2022.

5. Review and approval of the Board of Directors' recommendation in relation to cash dividends of 30% of the paid-up capital, aggregating to an amount of AED 2,168,133,270.00 (UAE Dirham Two Billion One Hundred And Sixty-Eight Million One Hundred And Thirty-Three Thousand Two Hundred And Seventy).

6. Review and approval of the remuneration of the Board of Directors as per article no.171 of the Federal Act No. (32) of 2021 concerning the Commercial Companies ("Commercial Companies Law").

7. Discharge of the Board of Directors of the Bank from liability for the year ended 31/12/2022 or their termination and filing of a liability claim against them, as the case may be.

8. Discharge of the External Auditors of the Bank from liability for the year ended 31/12/2022 or their termination and filing of a liability claim against them, as the case may be.

9. Election of the board of directors of the Bank for a three (3) year term ending in March 2026.

10. Confirmation of the appointment of the members of the Internal Sharia Supervision Committee for the year 2023.

11. Appointment of the External Auditors of the Bank for the financial year 2023 and determination of their remuneration.

12. Appointment of representatives for shareholders who wish to be represented and to vote on their behalf.

13. Consider passing a Special Resolution:

    - To authorise the Board of Directors of the Bank to issue any senior Sukuk and/or other similar instruments which are not convertible into shares, whether under a programme or otherwise, in an aggregate outstanding face amount not exceeding USD 7.5 billion (or the equivalent thereof in other currencies) at any time and to authorise the Board of Directors to determine and agree on the date of issuance, the amount, offering mechanism, transaction structure and other terms and conditions of any such issuance(s), provided that this is undertaken in compliance with the provisions of the Commercial Companies Law and any regulations or guidelines issued by any governmental or regulatory authority pursuant to such law and after obtaining approvals which may be required from the relevant competent regulatory authorities.

Board of Directors' Report

Dear Shareholders,

Assalamu Alaikum wa Rehmatullah wa Barakatahu.

On behalf of Dubai Islamic Bank's Board of Directors, it is with great pleasure that I present the financial and operational results reflecting the strength of the bank's strategic focus on value creation, robust management and structural resilience. The results are a further testament to the bank's role as a leader in the development of Islamic finance in a year of exceptional global uncertainty.

The bank's net profit reached AED 5.6 billion in 2022, up from AED 4.4 billion in 2021, supported by solid growth in total income, up by 20%, as well as effective asset quality management, significantly lower impairments, and highly effective cost management as indicated by the market leading cost-to-income ratio of 26.1%. Along with maintaining robust capitalization, funding and liquidity also remained strong with customer deposits standing at nearly AED 200 billion by year-end. The effective management of liquidity underscores DIB's position to raise deposits almost at will, demonstrating its deep-rooted relationships with the government and private sector.

The successful implementation of the bank's strategic direction in 2022 saw year-on-year earnings growth across each of the bank's business lines. With UAE's economic rebound continuing to gather pace, the bank's financing and sukuk portfolio saw AED 63 billion in new underwriting, resulting in net growth of around 5% on the overall earning assets.

The bank further underscored its reputation as a leader in the Islamic capital markets in 2022 after the completion of a record number of landmark deals across Sovereigns, Supranational, Financial Institutions and Corporate sectors. The bank's Islamic Capital Markets franchise closed the year as the #2 Bookrunner in the Bloomberg US Dollar International Sukuk league table, having arranged Sukuks to the tune of AED 54.5 billion for various Issuers globally.

In line with the bank's ESG strategy, DIB launched its inaugural Sustainable Finance Framework in 2022, the first by an Islamic bank in the UAE. This was followed by a successful USD 750 million five-year senior Sustainable Sukuk issuance, which was 2.3X oversubscribed - again, the first ever sustainable sukuk from a UAE financial institution.

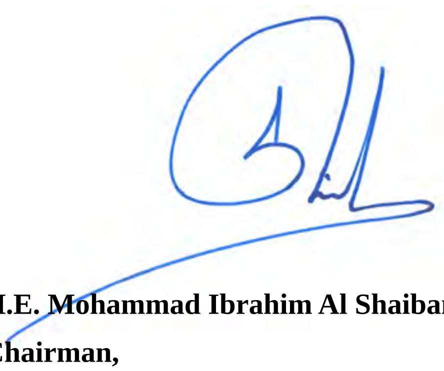
Apart from Environmental and Social, we recognize the importance of robust governance practices in forging sustainable long-term value. Dedicated to enhancing our governance framework and practices, we have embraced the revised corporate governance regulations and standards issued by the UAE Central Bank which became fully effective during 2022.The Board, supported by the senior management, has played an active role in setting the tone in respect of our commitments to robust governance and driving transparency through accessible disclosures including the comprehensive annual corporate governance report. As we look into the future, we will continue to work on ensuring the effectiveness of the Board through an open dialogue with the management and external stakeholders.

DIB's commitment to boosting international trade was further advanced when the bank hosted the Trade Club Alliance General Assembly for the first time in Dubai, complementing its fast-growing Transaction Banking business. The Alliance will help promote global trade through competitive solutions and support local firms in expanding their business internationally, thereby opening up a world of new opportunities.

The bank's successes saw it ranked amongst the 'Middle East's Top 100 Listed Companies', and '10th amongst the Middle East's Top 30 Banks' by Forbes Middle East in 2022. Also named Best Islamic Retail Bank, Best Islamic Bank in the UAE, and Overall Best Islamic Bank, 2022 was a year that saw DIB receive well-deserved recognition for its work in leading the development of the Islamic finance sector and driving growth in sustainable finance.

The progress made was also buoyed by the launch of a new medium-term strategy in early 2022, which sets out to grow the group by strengthening its capital base, enhancing operational efficiencies, delivering balance sheet growth, and penetrating deeper into the existing customer base. As we look to unlocking further value for all our stakeholders in 2023, we will continue to align our strategy with the fundamental drivers of socio-economic development in the UAE.

On behalf of the Board and management of the bank, I would like to thank our shareholders, customers, and employees for their continued support of DIB in a landmark year that delivered value to all those it serves. I wish all of you a very prosperous and fruitful 2023.



H.E. Mohammad Ibrahim Al Shaibani
Chairman,
Dubai Islamic Bank PJSC

DIB's Internal Shari'ah Supervision Committee's Report Presented to the General Assembly for year 2022

Issued on: 15 January 2023

To: Shareholders of Dubai Islamic Bank PJSC ("DIB")

Pursuant to requirements stipulated in the relevant laws, regulations and standards ("the **Regulatory Requirements**"), the Internal Shari'ah Supervision Committee of the Bank ("**ISSC**") presents the ISSC's Annual Report for the financial year ending on 31 December 2022 ("**Financial Year**").

1 Responsibility of the ISSC

In accordance with the Regulatory Requirements, the ISSC's charter and the SGS; the ISSC is responsible to undertake Shari'ah supervision of all businesses, activities, products, services, contracts, documents and charters of the Bank; as well as the Bank's policies, accounting standards, operations and activities in general, memorandum of association, charter, financial statements, allocation of expenditures and costs, and distribution of profit & loss between holders of investment accounts and shareholders ("**Bank's Activities**") and issue Shari'ah resolutions in this regard, and determine Shari'ah parameters necessary for the Bank's Activities, and the Bank's compliance with Shari'ah within the framework of the rules, principles, and standards set by the HSA to ascertain compliance of the Bank with Shari'ah.

The Senior Management will be responsible for ensuring that all business conducted by DIB is in-compliance with Sharia in accordance with the decisions, fatwas, guidance and resolutions issued by the ISSC, in line with the standards, resolutions and principles stipulated by the HAS ("Sharia Compliance"). The Board will be holding the ultimate responsibility in this regard.

2 Shari'ah Standards

In accordance with the HSA's resolution (No. 18/3/2018), and with effect from 01/09/2018, the ISSC has adhered to the Shari'ah standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as minimum Shari'ah requirements, in all fatwas, approvals, endorsements and recommendations, relating to the Bank's Activities for the financial year 2022 without exception.

3 Duties Fulfilled by the ISSC During the Financial Year

The ISSC conducted Shari'ah supervision of the Bank's Activities by reviewing those Activities, and monitoring them through the internal Shari'ah Control Department and Internal Shari'ah Audit Department, in accordance with the ISSC's authorities and responsibilities, and pursuant to the Regulatory Requirements in this regard. The ISSC's activities included the following:

a. Convening (11) meetings during the financial year.

b. Issuing fatwas, resolutions and opinions on matters presented to the ISSC in relation to the Bank's Activities.

c. Escalating, to the HSA Secretariat, any matters where a decision by the HSA is required.

d. Reviewing policies, procedures, accounting standards, product structures, contracts, documentation, charters, and other documentation submitted by the Bank to the ISSC for approval.

e. Ascertaining the level of compliance of allocation of expenditures and costs, and distribution of profits between investment accounts holders and shareholders with parameters set by the ISSC.

f. Supervision, through the Internal Shari'ah Control Department and the Internal Shari'ah Audit Department, of the Bank's Activities including supervision of executed transactions and adopted procedures on the basis of samples selected from executed transactions, and reviewing reports submitted in this regard.

g. Providing guidance to relevant departments in the Bank – to rectify (where possible) incidents cited in the reports prepared by internal Shari'ah Control Department and Internal Shari'ah Audit Department – and issuing resolutions with regard to forfeited income, derived from transactions in which non-compliance instances were identified, to be applied in charitable purposes.

h. Approving corrective and preventive measures related to identified incidents to preclude their recurrence in the future.

i. In line with the Bank's Articles of Association, the ISSC reviewed the Zakat calculation to be paid against shareholders' funds retained with the Bank, in accordance with Islamic Shari'ah guidance. Payment of Zakat on the remaining net Zakat-able assets, shall be the Shareholders' responsibility. The ISSC also calculated the value of Zakat per share of the Bank, in order to convey it to the shareholders.

j. Communicating and meeting with the Board and its subcommittees, and the Senior Management of the Bank, as and when needed, concerning the Bank's compliance with Shari'ah.

The ISSC obtained all information and clarifications it deemed necessary in order to reach a reasonable degree of certainty that the Bank is compliant with Shari'ah.

4 Independence of the ISSC

The ISSC acknowledges that it has carried out all its duties independently and with the support and cooperation of the Senior Management and the Board of the Bank. The ISSC received the required assistance to access all documents and data, and to discuss all amendments and Shari'ah requirements.

5 The ISSC's Opinion on the Shari'ah Compliance Status of the Bank

The ISSC formed its opinion, as outlined above, exclusively, based on information and explanations provided to us for the purpose of ascertaining compliance with Shari'ah, the ISSC has concluded with a reasonable level of confidence, that the Bank's activities during the Financial Year, are in compliance with Shari'ah, except for the incidents of non-compliance observed, as highlighted in the relevant reports. The ISSC also provided directions to take appropriate measures in this regard.

Signatures of members of the Internal Shari'ah Supervision Committee

Dr. Mohamed Ali Ibrahim ElGari BinEid	**Chairman**	
Dr. Mohammad AbdulRahim Sultan Al Olama	**Member**	
Dr. Ibrahim Ali Abdalla Hamad AlMansoori	**Member**	
Dr. Mohamed Akram Bin Laldin	**Member**	
Dr. Muhammad Qaseem Muhammad Ismail	**Executive Member**	

Zakat due on DIB Shares for the Year 2022

Pursuant to the provisions of Article (69) of the Bank's Articles of Association regarding Shares' Zakat and in order to facilitate the matter for the Shareholders, the Bank's Internal Sharia Supervision Committee Would like to inform you that the method of calculating the Zakat payable on your shares is as follows:

1. **The Zakat due on shares, purchased for the purpose of trading (i.e. for selling them when their prices increase), is:**

Zakat pool per share	=	the market value of the share at the end of the Hijri year.
Zakat per share	=	[Zakat pool per share x 2.5770*]- 0.05957**
Total Zakat due on your shares	=	Zakat per share x number of shares

2. **Zakat payable per share, purchased for the purpose of benefiting from its annual return and not for the purpose of trading, is calculated as follows:**

Zakat per share for the Gregorian year = 0.03747

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* Amount of Zakat for Hijri year is 2.5% and for Gregorian year is 2.5770%

** Represents portion of a share's Zakat that the Bank has paid in respect of the shareholders' funds retained with the Bank, therefore it should be deducted from the Zakat per share payable by a shareholder.

Dubai Islamic Bank P.J.S.C.

Auditor’s report and consolidated financial statements
for the year ended 31 December 2022

Report and consolidated financial statements
for the year ended 31 December 2022

Deloitte.

INDEPENDENT AUDITOR'S REPORT

The Shareholders
Dubai Islamic Bank PJSC
Dubai
United Arab Emirates

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Dubai Islamic Bank** ("the Bank"), **and its subsidiaries** (together "the Group") which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in United Arab Emirates**,** and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Dubai Islamic Bank PJSC (continued)

Key Audit Matters (continued)

Key audit matter	**How our audit address the key audit matter**
Impairment of carrying value of Islamic financing and investing assets	
The Group's Islamic financing and investing assets are carried on the consolidated statement of financial position at AED 186 billion as at 31 December 2022. The expected credit loss ("ECL") allowance was AED 8.8 billion as at this date, which comprised an allowance of AED 2.1 billion against Stage 1 and 2 exposures and an allowance of AED 6.7 billion against exposures classified under Stage 3 and Purchased Originally Credit Impaired ("POCI"). The audit of the impairment of Islamic financing and investing assets is a key area of focus because of its size (representing 65% of total assets) and due to the significance and complexity of the estimates and judgments, which were used in classifying Islamic financing and investing assets into various stages and determining the ECL. Refer to Note 5 of the consolidated financial statements for the accounting policy, Note 6 for critical judgements and estimates and Note 47.2 for disclosures on credit risk. The corporate portfolio of Islamic Financing and Investing assets is assessed individually for significant increase in credit risk ("SICR") and measurement of ECL. This requires management to capture all qualitative and quantitative reasonable and supportable forward-looking information while assessing SICR, or while assessing credit-impaired criteria for the exposure. Management judgement is also applied in manually overriding stages in accordance with the Group's policies. The measurement of ECL for exposures classified as Stage 1 and Stage 2 are carried out by the models with limited manual intervention. However, it is important that models and its parameters (PD, LGD, EAD and macroeconomic adjustments) are valid throughout the reporting period and are subject to a validation process. The exposures are classified as impaired as soon as there is doubt about the borrower's ability to meet payment obligations to the Group in accordance with the original contractual terms.	We obtained a detailed understanding of the Group's Islamic financing and investing assets business processes including the critical accounting estimates and judgments used. We have involved our subject matter experts to assist us in auditing the relevant ECL models as at 31 December 2022. We tested the design, and implementation of the relevant controls, and assessed the operating effectiveness of certain relevant controls. We understood and evaluated the relevant ECL models by involving our subject matter experts to determine if they were in compliance with the requirements of IFRSs. We tested the mathematical integrity of the relevant ECL models by performing recalculations on a sample basis. We assessed the consistency of various inputs and assumptions used by the Group's management to determine impairment. For allowances against exposures classified as Stage 1 and Stage 2, we obtained an understanding of the Group's methodology to determine the allowance, assessed the underlying assuptions and the sufficiency of the data used by management. We assessed the Group's determination of SICR and the resultant basis for classification of exposures into various stages. For samples of exposures, we assessed the Group's staging.

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Dubai Islamic Bank PJSC (continued)

Key Audit Matters (continued)

Key audit matter	**How our audit addressed the key audit matter**
Impairment of carrying value of Islamic financing and investing assets (continued)	
Impaired Islamic financing and investing assets are measured on the basis of the present value of expected future cash flows including observable market prices and the fair value of the collateral. The impairment loss is calculated based on the shortfall in the Islamic financing and investing assets carrying value compared to the net present value of future cash flows using the original effective profit rate. The factors considered when determining impairment losses on individually assessed accounts include the customer's aggregate borrowings, risk rating, value of the collateral and probability of successful repossession and the costs involved to recover the debts.	For forward looking assumptions used by management in their ECL calculations, we held discussions with management and evaluated the macro-economic scenarios including the related weighting. We selected samples of Islamic financing and investing assets and assessed the accuracy of the Exposure at Default ("EAD"), appropriateness of the Probability of Default ("PD") and calculations of the Loss Given Default ("LGD") used by management in their ECL calculations. For exposures determined to be individually impaired, we tested samples of Islamic financing and investing assets and examined and assessed management's estimate of future cash flows and the resultant allowance calculations. Further, we challenged the estimates and assumptions used by management around the discounted cash flows for individually impaired exposures by testing the enforceability and adequacy of the valuation of underlying collaterals and estimated recovery on default. We also assessed the relevant disclosures in the consolidated financial statements to determine if they were in compliance with the requirements of IFRS.
IT systems and controls over financial reporting	
We identified IT systems and controls over the Bank's financial reporting as an area of focus due to the extensive volume and variety of transactions which are processed daily by the Bank and rely on the effective operation of automated and IT dependent manual controls. There is a risk that automated accounting procedures and related internal controls are not accurately designed and operating effectively. In particular, the incorporated relevant controls are essential to limit the potential for fraud and error as a result of change to an application or underlying data.	Our audit approach relies on automated controls and therefore the following procedures were designed to test access and control over IT systems: We obtained an understanding of the applications relevant to financial reporting and the infrastructure supporting these applications. We tested IT general controls relevant to automated controls and computer-generated information covering access security, program changes, data centre and network operations. We examined computer generated information used in financial reports from relevant applications and key controls over their report logics. We performed testing on the key automated controls on significant IT systems relevant to business processes.

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Dubai Islamic Bank PJSC (continued)

Other Information

Management is responsible for the other information. The other information comprises the Board of Directors' report which we obtained prior to the date of this auditors' report and the Fatwa and Sharia Supervision Board's report which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining information of the annual report of the Group, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Dubai Islamic Bank PJSC (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Dubai Islamic Bank PJSC (continued)

Report on Other Legal and Regulatory Requirements

As required by the UAE Federal Decree Law No. (32) of 2021, we report that for the year ended 31 December 2022:

- we have obtained all the information we considered necessary for the purposes of our audit;
- the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021;
- the Bank has maintained proper books of account;
- the financial information included in the Directors' report is consistent with the Bank's books of account;
- note 11 to the financial statements of the Bank discloses its investments in shares during the financial year ended 31 December 2022;
- note 43 to the financial statements of the Bank discloses material related party transactions, the terms under which they were conducted and principles of managing conflict of interests;
- note 31 to the financial statements discloses social contributions made during the financial year ended 31 December 2022; and
- based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Bank has contravened during the financial year ended 31 December 2022 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2022.

Further, as required by Article (114) of the Decretal Federal Law No. (14) of 2018, we report that we have obtained all the information and explanations we considered necessary for the purpose of our audit.

Deloitte & Touche (M.E.)

Akbar Ahmad
Registration No. 1141
24 January 2023
Dubai
United Arab Emirates

Consolidated statement of financial position
as at 31 December 2022

	Note	2022 AED'000	2021 AED'000
ASSETS			
Cash and balances with central banks	7	**26,489,144**	28,079,740
Due from banks and financial institutions	8	**4,606,943**	3,303,412
Islamic financing and investing assets, net	9	**186,042,557**	186,690,551
Investments in sukuk	10	**52,228,362**	41,794,357
Other investments measured at fair value	11	**1,024,759**	1,229,469
Investments in associates and joint ventures	12	**1,948,841**	1,944,838
Properties held for development and sale	13	**1,488,079**	1,571,508
Investment properties	14	**5,261,871**	5,499,123
Receivables and other assets	15	**7,489,845**	7,474,484
Property and equipment	16	**1,658,090**	1,494,088
Total assets		**288,238,491**	279,081,570
LIABILITIES AND EQUITY			
LIABILITIES			
Customers' deposits	18	**198,636,903**	205,845,090
Due to banks and financial institutions	19	**12,809,480**	2,583,743
Sukuk issued	20	**22,339,696**	20,562,734
Payables and other liabilities	21	**10,048,147**	8,250,762
Zakat payable	23	**429,297**	374,615
Total liabilities		**244,263,523**	237,616,944
EQUITY			
Share capital	24	**7,240,744**	7,240,744
Tier 1 sukuk	25	**8,264,250**	8,264,250
Other reserves and treasury shares	26	**14,654,668**	14,084,668
Investments fair value reserve	27	**(1,062,927)**	(972,955)
Exchange translation reserve	28	**(1,565,666)**	(1,313,911)
Retained earnings		**13,772,643**	11,563,298
Equity attributable to owners and sukukholders of the Bank		**41,303,712**	38,866,094
Non-controlling interests	17.3	**2,671,256**	2,598,532
Total equity		**43,974,968**	41,464,626
Total liabilities and equity		**288,238,491**	279,081,570

To the best of our knowledge, the consolidated financial statements present fairly in all material respects the financial position, financial performance and cash flows of the Group as of, and for, the periods presented therein.

These consolidated financial statements were approved by the Board of Directors and authorized for issue on 24 January 2023 and signed on its behalf:

H.E. Mohammad Ibrahim Al Shaibani **Chairman**	**Yahya Saeed Ahmad Lootah** **Vice Chairman**	**Dr. Adnan Chilwan** **Group Chief Executive Officer**

The notes on pages 13 to 93 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss
for the year ended 31 December 2022

	Note	2022 AED'000	2021 AED'000
NET INCOME			
Income from Islamic financing and investing transactions	31	**11,738,826**	9,012,708
Commissions, fees and foreign exchange income	32	**1,600,879**	1,654,805
Income from other investments measured at fair value, net	33	**56,064**	20,602
Income from properties held for development and sale, net	34	**137,843**	82,451
Income from investment properties	35	**230,145**	224,635
Share of profit from associates and joint ventures	12.4	**128,301**	115,948
Other income	36	**209,336**	683,855
Total income		**14,101,394**	11,795,004
Less: depositors' and sukuk holders' share of profit	37	**(3,634,276)**	(2,373,425)
Net income		**10,467,118**	9,421,579
OPERATING EXPENSES			
Personnel expenses	38	**(1,583,111)**	(1,511,374)
General and administrative expenses	39	**(966,500)**	(838,565)
Depreciation of investment properties	14.1	**(64,038)**	(57,841)
Depreciation of property and equipment	16	**(119,517)**	(121,497)
Total operating expenses		**(2,733,166)**	(2,529,277)
Net operating income before net impairment charges and taxation		**7,733,952**	6,892,302
Impairment charges, net	40	**(2,102,878)**	(2,448,172)
Profit for the year before income tax expense		**5,631,074**	4,444,130
Income tax expense	22.3	**(79,228)**	(38,102)
Net profit for the year		**5,551,846**	4,406,028
Attributable to:			
Owners of the Bank		**5,474,400**	4,390,996
Non-controlling interests	17.3	**77,446**	15,032
Net profit for the year		**5,551,846**	4,406,028
Basic and diluted earnings per share (AED per share)	41	**0.70**	0.53

The notes on pages 13 to 93 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
for the year ended 31 December 2022

	2022 AED'000	2021 AED'000
Net profit for the year	**5,551,846**	4,406,028
Other comprehensive income / (loss) items		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations, net	**(251,755)**	(137,204)
Fair value loss on sukuk investment	**(29,269)**	(554)
Items that will not be reclassified subsequently to profit or loss:		
Fair value (loss) / gain on other investments carried at FVTOCI, net	**(95,562)**	130,557
Other comprehensive loss for the year	**(376,586)**	(7,201)
Total comprehensive income for the year	**5,175,260**	4,398,827
Attributable to:		
Owners of the Bank	**5,098,126**	4,383,288
Non-controlling interests	**77,134**	15,539
Total comprehensive income for the year	**5,175,260**	4,398,827

The notes on pages 13 to 93 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
for the year ended 31 December 2022

	Equity attributable to owners and sukukholders of the Bank								
	Share capital AED'000	Tier 1 sukuk AED'000	Other reserves and treasury shares AED'000	Investments fair value reserve AED'000	Exchange translation reserve AED'000	Retained earnings AED'000	Total AED'000	Non-controlling interests AED'000	Total equity AED'000
Balance at 1 January 2021	7,240,744	11,937,250	13,784,668	(1,102,451)	(1,176,707)	9,859,636	40,543,140	2,587,235	43,130,375
Net profit / (loss) for the year	-	-	-	-	-	4,390,996	4,390,996	15,032	4,406,028
Other comprehensive loss for the year	-	-	-	129,496	(137,204)	-	(7,708)	507	(7,201)
Total comprehensive income / (loss) for the year	-	-	-	129,496	(137,204)	4,390,996	4,383,288	15,539	4,398,827
Transaction with owners directly in equity:									
Dividend paid	-	-	-	-	-	(1,445,422)	(1,445,422)	-	(1,445,422)
Zakat (note 23)	-	-	-	-	-	(360,241)	(360,241)	(3,711)	(363,952)
Issue of Tier 1 sukuk	-	1,836,500	-	-	-	-	1,836,500	-	1,836,500
Redemption of Tier 1 sukuk	-	(5,509,500)	-	-	-	-	(5,509,500)	-	(5,509,500)
Tier 1 sukuk profit distribution	-	-	-	-	-	(554,393)	(554,393)	-	(554,393)
Tier 1 sukuk issuance cost	-	-	-	-	-	(2,778)	(2,778)	-	(2,778)
Board of Directors' remuneration	-	-	-	-	-	(24,500)	(24,500)	-	(24,500)
Regulatory credit risk reserve	-	-	300,000	-	-	(300,000)	-	-	-
Others	-	-	-	-	-	-	-	(531)	(531)
Balance at 31 December 2021	7,240,744	8,264,250	14,084,668	(972,955)	(1,313,911)	11,563,298	38,866,094	2,598,532	41,464,626
Balance at 1 January 2022	**7,240,744**	**8,264,250**	**14,084,668**	**(972,955)**	**(1,313,911)**	**11,563,298**	**38,866,094**	**2,598,532**	**41,464,626**
Net profit for the year	-	-	-	-	-	**5,474,400**	**5,474,400**	**77,446**	**5,551,846**
Other comprehensive loss for the year	-	-	-	**(124,519)**	**(251,755)**	-	**(376,274)**	**(312)**	**(376,586)**
Total comprehensive income / (loss) for the year	-	-	-	**(124,519)**	**(251,755)**	**5,474,400**	**5,098,126**	**77,134**	**5,175,260**
Transaction with owners directly in equity:									
Dividend paid (note 29)	-	-	-	-	-	**(1,806,778)**	**(1,806,778)**	-	**(1,806,778)**
Zakat (note 23)	-	-	-	-	-	**(428,413)**	**(428,413)**	**(3,827)**	**(432,240)**
Tier 1 sukuk profit distribution	-	-	-	-	-	**(404,030)**	**(404,030)**	-	**(404,030)**
Board of Directors' remuneration	-	-	-	-	-	**(21,000)**	**(21,000)**	-	**(21,000)**
Transfer on disposal of other investments carried at FVTOCI	-	-	-	**34,547**	-	**(34,547)**	-	-	-
Regulatory credit risk reserve	-	-	**570,000**	-	-	**(570,000)**	-	-	-
Others	-	-	-	-	-	**(287)**	**(287)**	**(583)**	**(870)**
Balance at 31 December 2022	**7,240,744**	**8,264,250**	**14,654,668**	**(1,062,927)**	**(1,565,666)**	**13,772,643**	**41,303,712**	**2,671,256**	**43,974,968**

The notes on pages 13 to 93 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
for the year ended 31 December 2022

	2022 **AED'000**	2021 AED'000
Operating activities		
Profit for the year before income tax expense	**5,631,074**	4,444,130
Adjustments for:		
Share of profit of associates and joint ventures	**(128,301)**	(115,948)
Gain from disposal of properties held for development and sale	**(137,843)**	(82,451)
Dividend income	**(56,064)**	(20,602)
Gain on sale of investments in sukuk	**(9,158)**	(415,525)
(Loss) / gain on disposal of property and equipment	**2,454**	(13,319)
Gain from investment properties	**(113,229)**	(128,314)
Depreciation of property and equipment	**119,517**	121,497
Depreciation of investment properties	**64,038**	57,841
Amortization of sukuk discount	**3,194**	4,869
Provision for employees' end-of-service benefits	**33,247**	33,441
Amortization of intangible assets	**67,795**	67,795
Gain on disposal of associate	**-**	(75,000)
Impairment charge for the year, net	**2,102,878**	2,448,172
Operating cash flow before changes in operating assets and liabilities	**7,579,602**	6,326,586
Increase in deposits and international Murabaha with over three months maturity	**146,900**	(146,900)
(Increase) / decrease in Islamic financing and investing assets	**(1,941,914)**	7,442,941
(Increase) / decrease in receivables and other assets	**(929,412)**	1,964,240
(Decrease) / increase in customers' deposits	**(5,888,956)**	510,261
Increase / (decrease) in due to banks and other financial institutions	**7,106,805**	(10,104,622)
Increase / (decrease) in payables and other liabilities and zakat payable	**1,438,756**	(2,408)
Cash generated from operations	**7,511,781**	5,990,098
Employees' end-of-service benefits paid	**(26,779)**	(16,686)
Tax paid	**(76,233)**	(44,783)
Net cash generated from operating activities	**7,408,769**	5,928,629
Investing activities		
Net movement in investments in Sukuk	**(10,870,624)**	(6,213,486)
Net movement in other investments measured at fair value	**172,194**	13,303
Dividend received	**56,064**	20,602
Additions to properties held for development and sale	**(337,919)**	(259,756)
Proceeds from disposal of properties held for development and sale	**553,312**	314,018
Additions to investment properties	**(205,626)**	(350,842)
Proceeds from disposal of investment properties	**695,947**	908,867
Net movement in investments in associates and joint ventures	**28,007**	38,829
Additions of property and equipment, net	**(294,697)**	(171,633)
Net cash used in from investing activities	**(10,203,342)**	(5,700,098)

The notes on pages 13 to 93 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows (continued)
for the year ended 31 December 2022

	2022	2021
	AED'000	AED'000
Financing activities		
Issuance of sukuk	**5,509,500**	3,671,325
Payment of sukuk	**(3,673,000)**	(1,836,500)
Tier 1 sukuk issuance	**-**	1,836,500
Tier 1 sukuk redemption	**-**	(5,509,500)
Tier 1 sukuk profit distribution	**(404,030)**	(554,393)
Tier 1 sukuk issuance cost	**(287)**	(2,778)
Dividend paid	**(1,806,778)**	(1,445,422)
Net cash used in financing activities	**(374,595)**	(3,840,768)
Net decrease in cash and cash equivalents	**(3,169,168)**	(3,612,237)
Cash and cash equivalents at the beginning of the year	**30,273,546**	33,883,760
Effect of exchange rate changes on the balance of cash held in foreign currencies	**(89,929)**	2,023
Cash and cash equivalents at the end of the year (note 42)	**27,014,449**	30,273,546

The notes on pages 13 to 93 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements
for the year ended 31 December 2022

1. Legal status and principal activity

Dubai Islamic Bank (Public Joint Stock Company) (the "Bank") was incorporated by an Amiri Decree issued on 29 Safar 1395 Hijri, corresponding to 12 March 1975 by His Highness, the Ruler of Dubai, to provide banking and related services based on Islamic Sharia'a principles. It was subsequently registered under the Commercial Companies Law number 8 of 1984 (as amended) as a Public Joint Stock Company.

The accompanying consolidated financial statements combine the activities of the Bank and its subsidiaries as disclosed in note 17 (together referred to as the "Group").

The Bank is listed on the Dubai Financial Market (Ticker: "DIB").

The Group is primarily engaged in corporate, retail and investment banking activities in accordance with Islamic Sharia principles under the guidance of Internal Sharia Committee ("ISC") and Higher Sharia Authority of Central Bank of UAE ("HSA") and carries out its operations through its local branches and overseas subsidiaries. The principal activities of the Group entities are described in note 17 to these consolidated financial statements.

The registered head office of the Bank is at P.O. Box 1080, Dubai, United Arab Emirates.

2 Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 New and revised IFRSs applied on the consolidated financial statements

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2022, have been adopted in these financial statements. The application of these revised IFRS has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 16 *Property, plant and equipment* relating to proceeds before intended use;
- Amendment to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* relating to onerous contracts;
- Amendments to IFRS 3 *Business Combinations* relating to reference to conceptual framework; and
- Annual improvements to IFRS standards 2018 – 2020.

2.2 New and revised IFRSs in issue but not yet effective

The Group has not early adopted the following new and revised standards that have been issued but are not yet effective. The management is in the process of assessing the impact of the new requirements.

New and revised IFRS	Effective for annual periods beginning on or after
Amendments to IAS 8 *Accounting policies, Changes in accounting estimates and errors*	1 January 2023
Amendments to IAS 1 *Presentation of Financial Statements* relating to classification of Liabilities as Current or Non-Current	1 January 2023
Amendment to IFRS 17 *Insurance contracts*	1 January 2023
Amendment to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* relating to treatment of sale or contribution of assets from investors	Effective date deferred indefinitely.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's financial statements for the period of initial application and adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the Bank in the period of initial application.

Notes to the consolidated financial statements
for the year ended 31 December 2022

3 Definitions

The following terms are used in the consolidated financial statements with the meaning specified below:

3.1 Murabaha

A contract whereby the Group (the "Seller") sells an asset to its customer (the "Purchaser"), on a deferred payment basis, after purchasing the asset and gaining possession thereof and title thereto, where the Seller has purchased and acquired that asset, based on a promise received from the Purchaser to buy the asset from the Seller according to specific Murabaha terms and conditions. The Murabaha sale price comprises the cost of the asset and a pre-agreed profit amount. Murabaha profit is internally accounted for on a time-apportioned basis over the period of the contract based on the principal amount outstanding. The Murabaha sale price is paid by the Purchaser to the Seller on an installment basis over the period of the Murabaha as stated in the contract.

3.2 Ijarah

3.2.1 Ijarah Muntahiya Biltamleek

An agreement whereby the Group (the "Lessor") leases an asset to its customer (the "Lessee") (after purchasing/acquiring the specified asset, either from a third party seller or from the customer itself, according to the customer's request and based on his promise to lease), against certain rental payments for specific lease term/periods, payable on fixed or variable rental basis.

The Ijarah agreement specifies the leased asset, duration of the lease term, as well as, the basis for rental calculation and the timing of rental payment. The Lessee undertakes under this agreement to renew the lease periods and pay the relevant rental payment amounts as per the agreed schedule and applicable formula throughout the lease term.

The Lessor retains the ownership of the asset throughout the lease term. At the end of the lease term, upon fulfillment of all the obligations by the Lessee under the Ijarah agreement, the Lessor will sell the leased asset to the Lessee at nominal value based on a sale undertaking given by the Lessor.

Ijarah rentals accrue upon the commencement of the lease and continues throughout the lease term based on the outstanding fixed rental (which predominantly represent the cost of the leased asset).

3.2.2 Forward Ijarah

Forward Ijarah (Ijarah Mausoofa Fiz Zimma) is an agreement whereby the Group (the "Lessor") agrees to provide, on a specified future date, a certain described asset on lease to its customer (the "Lessee") usually upon its completion and delivery by the developer, contractor or customer, from whom the Group has purchased the same by way of Istisna (Seller).

The Forward Ijarah agreement specifies the description of the leased asset, duration of the lease term, and the basis for rental calculation and the timing of rental payment.

During the construction period, the Group pays to the Seller one payment or multiple payments, Forward Ijarah variable rent during the construction period will be accounted for on a time-apportioned basis over the construction period on account of rentals. These rental amounts are received either during the construction period as advance rental payment or with the first or second rental payment after the commencement of the lease.

The lease rental under Forward Ijarah commences only upon the Lessee having received possession of the leased asset from the Lessor. The Lessee undertakes under the Forward Ijarah agreement to renew the lease periods and pay the relevant rental payment amounts as per the agreed schedule and applicable formula throughout the lease term.

The Lessor retains the ownership of the asset throughout the lease term. At the end of the lease term, upon fulfillment of all the obligations by the Lessee under the Forward Ijarah agreement, the Lessor will sell the leased asset to the Lessee at nominal value based on a sale undertaking given by the Lessor.

In case the Group fails to give possession of the asset under Forward Ijarah to the lessee, the Forward Ijarah will be cancelled and the Group will refund all on account rentals collected during the construction period to the lessee.

Notes to the consolidated financial statements
for the year ended 31 December 2022

3 Definitions (continued)

3.3 Musharaka

An agreement between the Group and its customer, whereby both parties contribute towards the capital of the Musharaka (the "Musharaka Capital"). The Musharaka Capital may be contributed in cash or in kind, as valued at the time of entering into the Musharaka. The subject of the Musharaka may be a certain investment enterprise, whether existing or new, or the ownership of a certain property either permanently or according to a diminishing arrangement ending up with the acquisition by the customer of the full ownership. The profit is shared according to a pre-agreed profit distribution ratio as stipulated under the Musharaka agreement. In principle Musharaka profit is distributed on liquidation of the Musharaka and declaration/distribution by the managing partner. However, since the actual liquidation is not possible, Sharia allows constructive liquidation of the Musharaka and distribution of profit based upon it. However, the loss, if any, is shared in proportion to their capital contribution ratios, provided in the absence of the managing partner's negligence, breach or default, the Group receives satisfactory evidence that such loss was due to force majeure and that the managing partner neither was able to predict the same nor could have prevented the negative consequences of the same on the Musharaka.

3.4 Mudaraba

A contract between two parties whereby one party is a fund provider (the "Rab Al Mal") who would provide a certain amount of funds (the "Mudaraba Capital"), to the other party (the "Mudarib"). Mudarib would then invest the Mudaraba Capital in a specific enterprise or activity deploying its experience and expertise for a specific pre-agreed share in the resultant profit, if any. The Rab Al Mal is not involved in the management of the Mudaraba activity. In principle Mudaraba profit is distributed on liquidation of the Mudaraba and declaration/distribution by the Mudarib. However, since the actual liquidation is not possible, Sharia allows constructive liquidation of the Mudaraba and distribution of profit based upon it. The Mudarib shall bear the loss in case of its default, negligence or violation of any of the terms and conditions of the Mudaraba contract; otherwise the loss would be borne by the Rab Al Mal, provided the Rab Al Mal receives satisfactory evidence that such loss was due to force majeure and that the Mudarib neither was able to predict the same nor could have prevented the negative consequences of the same on the Mudaraba. Under the Mudaraba contract the Group may act either as Mudarib or as Rab Al Mal, as the case may be. The Mudarib with the consent of the Rabb al Maal can commingle his own funds with the Mudaraba capital thus establish a common Mudaraba pool.

3.5 Wakala

An agreement between two parties whereby one party is a fund provider (the "Muwakkil") who provides a certain amount of money (the "Wakala Capital") to an agent (the "Wakeel"), who invests the Wakala Capital in a Sharia compliant manner and according to the feasibility study/investment plan submitted to the Muwakkil by the Wakeel. The Wakeel is entitled to a fixed fee (the "Wakala Fee") as a lump sum amount or a percentage of the Wakala Capital and Muwakkil is entitled to the entire profit generated from the Wakala. The Wakeel may be granted any excess over and above a certain pre-agreed rate of return as a performance incentive. In principle, wakala profit is distributed on liquidation of Wakala Capital and declaration/distribution by the Wakeel. However, since the actual liquidation is not possible, Sharia allows constructive liquidation of the Mudaraba and distribution of profit based upon it. The Wakeel would bear the loss in case of its default, negligence or violation of any of the terms and conditions of the Wakala Agreement; otherwise the loss would be borne by the Muwakkil, provided the Muwakkil receives satisfactory evidence that such loss was due to force majeure and that the Wakeel neither was able to predict the same nor could have prevented the negative consequences of the same on the Wakala. Under the Wakala agreement the Group may act either as Muwakkil or as Wakeel, as the case may be.

3.6 Salam

A Salam financing contract is a contract whereby the Group purchases a fixed quantity of a specified commodity from the customer and pays to him the full Salam price of the commodity in advance, whereas the customer delivers the quantity of the commodities in accordance with an agreed delivery schedule. The Group makes profit on Salam transactions, when the Salam commodities are received from the customer and subsequently sold to a third party at profit. Salam profit is internally accounted for on a time-apportioned basis over the period of the Salam contract based on the value of the outstanding Salam commodities.

Notes to the consolidated financial statements
for the year ended 31 December 2022

3 Definitions (continued)

3.7 Istisna'

A sale contract between two parties whereby the Group (the "Sani" or "Seller") undertakes to construct or manufacture, for its customer (the "Mustasni" or "Purchaser"), a specific asset or property (being "Al-Masnoo") according to certain pre-agreed specifications to be delivered at a pre-agreed time against a pre-determined price, which comprises the cost of construction or manufacturing and a profit amount. The work undertaken is not required to be carried out by the Sani' alone and the whole or part of the construction/development or manufacturing can be undertaken by third parties but it would be the responsibility of the Sani' to deliver the asset at the agreed time. Under an Istisna' contract the Group could be the Sani' or the Mustasni'. Istisna' profit (difference between the sale price of Al-Masnoo to the customer and the Group total Istisna' cost) is internally accounted for on a time-apportioned basis over the period of the contract based on the principal amount outstanding.

3.8 Sukuk

Sukuk is defined as "investment certificates of equal denomination representing undivided ownership interests in a portfolio of eligible assets. Sukuk commonly refers to the Islamic alternative of bonds. Sukuk represents ownership of the underlying assets by the holder with all the rights and obligations of ownership.

4 Basis of preparation

4.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by International Accounting Standards Board (IASB) and applicable requirements of the laws of the U.A.E., including the UAE Federal Law No. 32 of 2021 on Commercial Companies (the "New Companies Law") which was issued on 20 September 2021 and has come into effect on 02 January 2022 and the Decretal Federal Law No. (14) of 2018.

4.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values as explained in the accounting policies below.

4.3 Functional and reporting currency

The consolidated financial statements are presented in United Arab Emirates Dirham (AED) and all values are rounded to the nearest thousands dirham, except when otherwise indicated.

The principal accounting policies applied in preparation of these consolidated financial statements are set out below.

Notes to the consolidated financial statements
for the year ended 31 December 2022

5 Significant accounting policies

5.1 Basis of consolidation

5.1.1 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date i.e., when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if they are related to the issue of Islamic financing or equity instruments.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

5.1.2 Subsidiary

These consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group. Control is achieved when the Group has:

- power over the investee;
- exposure, or has rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group voting rights in an investee are sufficient to give it power, including:

- the size of the Group holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders and other parties;
- rights raising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns and previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary Profit or loss and each component of other comprehensive income are attributable to the owners of the Group and to the non-controlling interests.

Total comprehensive income of the subsidiaries is attributable to the owners of the group and to the non-controlling interest even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group accounting policies.

Notes to the consolidated financial statements
for the year ended 31 December 2022

5 Significant accounting policies (continued)

5.1 Basis of consolidation (continued)

5.1.2 Subsidiary (continued)

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

Changes in the Group ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid/payable or received/receivable is recognised directly in equity and attributed to owners of the Group.

5.1.3 Foreign currencies

In preparing the consolidated financial statements, each individual Group entity's transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the consolidated statement of profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to the consolidated statement of profit or loss on settlement of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group foreign operations are translated into Arab Emirates Dirham, which is the Group presentation currency, using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group is reclassified to the consolidated statement of profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the consolidated statement of profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to the consolidated statement of profit or loss.

Fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity.

Notes to the consolidated financial statements
for the year ended 31 December 2022

5 Significant accounting policies (continued)

5.1 Basis of consolidation (continued)

5.1.4 Loss of control

When the Group loses control of a subsidiary, a gain or loss is recognised in the consolidated statement of profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest, and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary, and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

5.1.5 Special purpose vehicles ("SPVs")

Special purpose vehicles are entities that are created to accomplish a narrow and well-defined objective such as the securitisation of assets, or the execution of a specific Islamic financing transaction. An SPV is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPV's risk and rewards, the Group concludes that it controls the SPV.

5.1.6 Fiduciary activities

The Group acts as trustee/manager and in other capacities that result in holding or placing of assets in a fiduciary capacity on behalf of trusts or other institutions. Such assets and income arising thereon are not included in the Group consolidated financial statements as they are not assets of the Group.

5.2 Financial instruments

5.2.1 Initial recognition

Financial assets and liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

5.2.2 Initial measurement

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated statement of profit or loss.

5.3 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace subject to the Sharia guidance provided in this regard.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Notes to the consolidated financial statements
for the year ended 31 December 2022

5 Significant accounting policies (continued)

5.3 Financial assets (continued)

5.3.1 Classification of financial assets

Balances with central banks, due from banks and financial institutions, Islamic financing and investing assets, investments in sukuk and certain items in receivables and other assets that meet the following conditions are subsequently measured at amortised cost less impairment loss and deferred income, if any (except for those assets that are designated as at fair value through profit or loss or other comprehensive income on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

5.3.2 Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchases financial assets going forward.

Financial assets that are held for sale or managed and whose performance is evaluated on a fair value basis are measured at FVTOCI because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

5.3.3 Cash flow characteristics assessment

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic financing arrangement. Contractual cash flows are consistent with a basic financing arrangement if they represent cash flows that are solely payments of principal and profit on the principal amount outstanding.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Profit' is defined as any excess to the principal generated from the business for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic financing risks and costs (e.g. liquidity risk and administrative costs), as well as profit rate margin.

In assessing whether the contractual cash flows are solely payments of principal and profit, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Notes to the consolidated financial statements
for the year ended 31 December 2022

5 Significant accounting policies (continued)

5.3 Financial assets (continued)

5.3.4 Amortised cost and effective profit rate method

The effective profit rate method is a method of calculating the amortised cost of those financial instruments measured at amortised cost and of allocating income over the relevant period. The effective profit rate is the rate that is used to calculate the present value of the estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective profit rate, transaction costs and other premiums or discounts) through the expected life of the financing and investing instruments, or, where appropriate, a shorter period, to arrive at the net carrying amount on initial recognition.

Income is recognised in the consolidated statement of profit or loss on an effective profit rate basis for financing and investing instruments measured subsequently at amortised cost.

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of profit rate benchmark reform, then the Group updates the effective profit rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by profit rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by profit rate benchmark reform, then the Group first updates the effective profit rate of the financial asset or financial liability to reflect the change that is required by profit rate benchmark reform. After that, the Group applies the policies on accounting for modifications set out above to the additional changes.

5.3.5 Financial assets at fair value through other comprehensive income (FVTOCI)

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in sharia compliant equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is an Islamic derivative that is not designated and effective as an Islamic hedging instrument or a financial guarantee.

FVTOCI assets are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income. The cumulative gain or loss will not be reclassified to profit or loss on disposals.

5.3.6 Debt instruments at fair value through other comprehensive income (FVTOCI)

Debt instruments are measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Profit income and foreign exchange gains and losses are recognised in profit or loss. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

Notes to the consolidated financial statements
for the year ended 31 December 2022

5 Significant accounting policies (continued)

5.3 Financial assets (continued)

5.3.7 Financial assets at fair value through profit or loss (FVTPL)

Investments in sharia compliant equity instruments are classified as at FVTPL, unless the Group designates an investment at fair value through other comprehensive income (FVTOCI) on initial recognition.

Financial assets (other than equity instruments) that do not meet the amortised cost criteria are measured at FVTPL. In addition, financial assets (other than equity instruments) that meet the amortised cost criteria but are designated as at FVTPL are measured at FVTPL. Financial assets (other than equity instruments) may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Group has not designated any financial assets (other than equity instruments) as at FVTPL.

Financial assets are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of financial assets (other than equity instruments) that are designated as at FVTPL on initial recognition is not allowed.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the consolidated statement of profit/loss. The net gain or loss recognised in the consolidated statement of profit or loss is included in the 'gain from other investments at fair value' line item in the consolidated statement of profit or loss. Fair value is determined in the manner described in note 46.2.1 to these consolidated financial statements.

5.3.8 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. The foreign exchange component forms part of its fair value gain or loss. Accordingly:

- for financial assets that are classified as at FVTPL, the foreign exchange component is recognised in consolidated statement of profit or loss; and
- for financial assets that designated as at FVTOCI, any foreign exchange component is recognised in other comprehensive income.

For foreign currency denominated financial instruments measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the financial assets and are recognised in the consolidated statement of profit or loss.

5.3.9 Impairment of financial assets

Financial assets that are measured at amortised cost are assessed for impairment at each reporting date.

The Bank applies a three-stage approach to measure allowance for credit losses, using an expected credit loss approach as required under IFRS 9, for the following categories of financial instruments that are measured at amortised cost:

- Islamic financing and investing assets and investment in sukuk;
- Off-balance sheet instruments issued;
- Financial guarantee contracts issued;
- Due from banks and financial institutions;
- Balances with Central Banks; and
- Other financial assets

Financial assets migrate through three stages based on the change in credit risk since initial recognition.

No impairment loss is recognised on equity investments.

Notes to the consolidated financial statements
for the year ended 31 December 2022

5 Significant accounting policies (continued)

5.3 Financial assets (continued)

5.3.9 Impairment of financial assets (continued)

Expected credit loss impairment model

The Expected Credit Loss (ECL) model contains a three stage approach which is based on the change in credit quality of financial assets since initial recognition. Expected credit losses reflect the present value of all cash shortfalls related to default events either (i) over the following twelve months or (ii) over the expected life of a financial instrument depending on credit deterioration from inception.

- Under Stage 1, where there has not been a significant increase in credit risk since initial recognition, an amount equal to 12 months ECL will be recorded. The 12 months ECL is calculated as the portion of life time ECL that represents the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12 month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original effective profit rate.
- Under Stage 2, where there has been a significant increase in credit risk since initial recognition but the financial instruments are not considered credit impaired, an amount equal to the default probability weighted lifetime ECL will be recorded. The PD and LGD are estimated over the lifetime of the instrument and the expected cash shortfalls are discounted by an approximation to the original effective profit rate.
- Under the Stage 3, where there is objective evidence of impairment at the reporting date these financial instruments will be classified as credit impaired and an amount equal to the lifetime ECL will be recorded for the financial assets, with the PD set at 100%.

When estimating ECL for undrawn commitments, the Bank estimates the expected portion of the commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the financing is drawn down. The expected cash shortfalls are discounted at an approximation to the expected effective profit rate on the financing.

The Bank’s liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted rate relevant to the exposure.

The ECL model is forward looking and requires the use of reasonable and supportable forecasts of future economic conditions in the determination of significant increases in credit risk and measurement of ECL.

Notes to the consolidated financial statements
for the year ended 31 December 2022

5 Significant accounting policies (continued)

5.3 Financial assets (continued)

5.3.9 Impairment of financial assets (continued)

Measurement of ECL

The Bank calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the effective profit rate. A cash shortfall is the difference between the cash flows that are due to the Bank in accordance with the contract and the cash flows that the Bank expects to receive. IFRS 9 considers the calculation of ECL by multiplying the Probability of default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). The Bank has developed methodologies and models taking into account the relative size, quality and complexity of the portfolios.

These parameters are generally derived from internally developed statistical models and other historical data and are adjusted to reflect forward-looking information.

Details of these statistical parameters/inputs are as follows:

- The probability of default (PD) is an estimate of the likelihood of default over a given time horizon;
- The exposure at default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date; and

The loss given default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Bank would expect to receive (and expected cash flows generally in case of stage 3 accounts), including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

Macroeconomic factors, forward looking information and multiple scenarios

IFRS 9 requires an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions.

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside and a downside) with a weightage of 40%, 30% and 30% respectively. Each of these is associated with different PDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted financing are expected to be recovered, including the probability that the financing will cure and the value of collateral or the amount that might be received for selling the asset.

In its ECL models, the Bank relies on a broad range of forward looking information as economic inputs, such as:

- Real Government consumption
- Real imports of goods and services
- House price index
- Residential properties – Abu Dhabi and Dubai
- Consumer price index
- Real gross domestic product
- General Government finance expenditure
- National Accounts: Real export of goods and services

Macroeconomic factors and forward looking information are required to be incorporated into the measurement of ECL as well as the determination of whether there has been a significant increase in credit risk since origination. Measurement of ECLs at each reporting period should reflect reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Notes to the consolidated financial statements
for the year ended 31 December 2022

5 Significant accounting policies (continued)

5.3 Financial assets (continued)

5.3.9 Impairment of financial assets (continued)

Assessment of significant increase in credit risk

The assessment of a significant increase in credit risk is done on a relative basis. To assess whether the credit risk on a financial asset has increased significantly since origination, the Bank compares the risk of default occurring over the expected life of the financial assets at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Bank's existing risk rating and risk management processes. At each reporting date, the assessment of a change in credit risk is assessed individually for both corporate and retail exposures.

The group of assets are moved from stage 1 to stage 2 if:

- the probability of default or credit risk rating change beyond the Bank's established threshold related to the initial recognition;
- an instrument is past due beyond 30 days; and
- an instrument's credit risk is considered higher based on qualitative criteria of the Bank.

The instruments moved to stage 2 from stage 1 remain in the stage until they perform for a sustained period as per the Bank's policy.

Movement from stage 2 to stage 3 are based on whether the financial assets are credit impaired at the reporting date.

Experienced credit judgement

The Bank's ECL allowance methodology requires the use of experienced credit judgement to incorporate the estimated impact of factors not captured in the modelled ECL results, in all reporting periods.

When measuring ECL, the Bank considers the maximum contractual period over which the Bank is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment options and extension and rollover options.

Default definition followed by the Bank for impairment assessment remains in line with the guidelines of IFRS 9, without any recourse to the assumptions, and consistent with regulatory requirements.

Expected life

When measuring expected credit loss, the Bank considers the maximum contractual period over which the Bank is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment, and extension and rollover options.

Notes to the consolidated financial statements
for the year ended 31 December 2022

5 Significant accounting policies (continued)

5.3 Financial assets (continued)

5.3.9 Impairment of financial assets (continued)

Definition of default

The Bank considers a financial asset to be in default when:

- it is established that due to financial or non-financial reasons the customer is unlikely to pay its credit obligations to the Bank in full without recourse by the Bank to actions such as realising security (if any is held); or
- the customer is past due 90 days or more on any material credit obligation to the Bank.

In assessing whether a customer is in default, the Bank considers indicators that are:

(i) qualitative - e.g. material breaches of covenant;
(ii) quantitative - e.g. overdue status and non-payment on another obligation of the same customer / customer group to the banks; and
(iii) based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financing exposure is in default and their significance may vary over time to reflect changes in circumstances.

Renegotiated financing facilities

The Bank sometimes makes concessions or modifications to the original terms of financing as a response to the customer's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Bank considers a financing forborne when such concessions or modifications are provided as a result of the customer's present or expected financial difficulties and the Bank would not have agreed to them if the customer had been financially healthy. Indicators of financial difficulties include defaults on covenants or that a customer may not be in a position to honour contractual commitments. Forbearance may involve extending the payment arrangements and the agreement of new financing conditions. Once the terms have been renegotiated, any impairment is measured using the original effective profit rate as calculated before the modification of terms. It is the Bank's policy to monitor forborne financing to help ensure that future payments continue to be likely to occur. Classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a financing, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

When the financing has been renegotiated or modified but not derecognised, the Bank also reassesses whether there has been a significant increase in credit risk. The Bank also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, it will remain forborne for a minimum 12-month probation period. In order for the financing to be reclassified out of the forborne category, the customer has to meet all of the following criteria:

- All of its facilities has to be considered performing;
- The probation period of one year has passed from the date the forborne contract was considered performing; and
- Regular payments of more than an insignificant amount of principal or profit have been made during the probation period.

Notes to the consolidated financial statements
for the year ended 31 December 2022

5 Significant accounting policies (continued)

5.3 Financial assets (continued)

5.3.9 Impairment of financial assets (continued)

Acquired financing

All acquired financing is initially measured at fair value on the date of acquisition. As a result no allowance for expected credit losses is recorded in the consolidated statement of financial position on the date of acquisition. Acquired financing may fit into either of the two categories: performing financing or Purchased or Originated Credit Impaired (POCI) financing.

Purchased performing financing follow the same accounting as originated performing financing and are reflected in Stage 1 on the date of the acquisition. They will be subject to a 12 month ECL which is recorded as a provision for expected credit losses in the consolidated statement of profit or loss when the carrying value of these assets exceed the nominal values of acquired exposure. The fair value adjustment set up for these financing on the date of acquisition is amortized into profit income over the life of these financing.

POCI financing are separately presented and are always subject to lifetime allowance for credit losses. Any changes in the expected cash flows since the date of acquisition are recorded as a charge / recovery in the provision for credit losses in the consolidated statement of profit or loss at the end of all reporting periods subsequent to the date of acquisition.

5.3.10 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised Islamic financing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the consolidated statement of profit or loss.

On derecognition of a financial asset that is investment in equity instrument and is classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve in equity is not reclassified to the consolidated statement of profit or loss, but is transferred to retained earnings within equity.

5.3.11 Financial guarantees, letters of credit and undrawn financing commitments

The Bank issues financial guarantees, letters of credit and financing commitments in the normal course of business. Financial guarantees are initially recognised in the financial statements at fair value, being the charges received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement and an ECL provision.

Undrawn financing commitments and letters of credits are commitments under which, over the duration of the commitment, the Bank is required to provide a financing with pre-specified terms to the customer. These contracts are in the scope of the ECL requirements.

5.4 Offsetting

Financial assets and liabilities are offset and reported net in the consolidated financial position only when there is a legally enforceable right to set off the recognised amounts and when the Group intends to settle either on a net basis, or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Group trading activity.

Notes to the consolidated financial statements
for the year ended 31 December 2022

5 Significant accounting policies (continued)

5.4 Offsetting (continued)

The Group is party to a number of arrangements, including master netting agreements, that give it the right to offset financial assets and financial liabilities but where it does not intend to settle the amounts net or simultaneously and therefore the assets and liabilities concerned are presented on a gross basis.

5.5 Classification of financial liabilities and equity instruments

Liability and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

5.6 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Own equity instruments of the Bank which are acquired by it or by any of its subsidiaries (treasury shares) are recognised and deducted directly in equity. No gain or loss is recognised in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the Bank's own equity instruments.

Tier 1 sukuk are perpetual Mudaraba sukuk which are not redeemable by sukukholders and bear an entitlement to profit distributions that is non-cumulative and at the discretion of the Board of Directors. Accordingly tier 1 sukuk are presented as a component of equity instruments issued by the Group in equity.

Dividends on ordinary shares and profit distribution to tier 1 sukuk are recognised as a liability and deducted from equity when they are approved by the Group shareholders and Board of Directors, respectively. Dividends for the year that are approved after the reporting date are disclosed as an unadjusting event after the reporting date.

5.7 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective profit rate method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantees issued by the Group, and commitments issued by the Group to provide a facility at below-market profit rate are measured in accordance with the specific accounting policies set out below.

5.7.1 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective profit rate method.

The effective profit rate method is a method of calculating the amortised cost of a financial liability and of allocating customers' share of profit over the relevant period. The effective profit rate is the rate that is used to calculate the present value of estimated future cash payments (including all fees and points paid or received that form an integral part of the effective profit rate, transaction costs through the expected life of the financial liability, or (where appropriate) a shorter period, to arrive at the net carrying amount on initial recognition.

Financial liabilities measured at amortised cost include due to banks and financial institutions, customers' deposits (Al Qard Al Hassan, Murabaha and Wakala Depoists), sukuk instruments, certain payables and other liabilities.

Customer deposits or funds are invested in well-defined and managed asset pools to meet and match risk and rewards associated with varied nature of investment deposits under the advise and guidance of Internal Sharia Supervision Committee. All associated returns and costs are grouped according to asset pools to provide distribution of returns and profits to depositors and investment accountholders.

Notes to the consolidated financial statements
for the year ended 31 December 2022

5 Significant accounting policies (continued)

5.7 Financial liabilities (continued)

5.7.2 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the consolidated statement of profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

5.7.3 Financial guarantee

A financial guarantee is an undertaking/commitment that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified party fails to meet its obligation when due in accordance with the contractual terms.

Financial guarantees issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the guarantee, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

5.7.4 De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, if any, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated statement of profit or loss.

5.8 Islamic derivative financial instruments

An Islamic derivative is a financial instrument whose value changes in response to an underlying variable, that requires little or no initial investment and that is settled at a future date. The Group enters into a variety of Islamic derivative financial instruments to manage the exposure to profit and foreign exchange rate risks, including unilateral promise to buy/sell currencies and Islamic profit rate swap.

Islamic derivative financial instruments are initially measured at cost, being the fair value at contract date, and are subsequently re-measured at fair value. All Islamic derivatives are carried at their fair values as assets where the fair values are positive and as liabilities where the fair values are negative. Islamic derivative assets and liabilities arising from different transactions are only offset if the transactions are with the same counterparty, a legal right to setoff exists, and the parties intend to settle the cash flows on a net basis.

Islamic derivative fair values are determined from quoted prices in active markets where available. Where there is no active market for an instrument, fair value is derived from prices for the Islamic derivative's components using appropriate pricing or valuation models.

The method of recognising fair value gains and losses depends on whether Islamic derivatives are held for trading or are designated as hedging instruments, and if the latter, the nature of the risks being hedged. All gains and losses from changes in the fair value of Islamic derivatives held for trading are recognised in consolidated statement of profit or loss.

5.9 Unilateral promises to buy/sell currencies (the "Promises")

The Promises are stated at fair value. The fair value of a Promise is the equivalent of the unrealised gain or loss from marking to market the Promise using prevailing market rates. Promises with positive market value (unrealised gain) are included in other assets and Promises with negative market value (unrealised losses) are included in other liabilities in the consolidated statement of financial position.

Notes to the consolidated financial statements
for the year ended 31 December 2022

5 Significant accounting policies (continued)

5.10 Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances held with Central Banks, deposits and balances due from banks, items in the course of collection from or in transmission to other banks and highly liquid assets with original maturities of less than three months from the date of acquisition, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position.

5.11 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

On acquisition of the investment in an associate or a joint venture, any excess of the cost of acquisition over the Group share of the net fair value of the identifiable assets, liabilities and contingent liabilities of associates and joint ventures recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated statement of profit or loss in the period in which the investment is acquired.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting from the date on which the investment becomes an associate of joint venture. Under the equity method, an investment in associates and joint ventures is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group share of the profit or loss and other comprehensive income of the associates and joint ventures.

When the Group share of losses of associates and joint ventures exceeds the Group interest in that associates and joint ventures (which includes any long-term interests that, in substance, form part of the Group net investment in the associates and joint ventures), the Group discontinues recognizing its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates and joint ventures.

The requirements of International Financial Reporting Standards are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group investment in associates and joint ventures. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains its interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

Notes to the consolidated financial statements
for the year ended 31 December 2022

5 Significant accounting policies (continued)

5.11 Investments in associates and joint ventures (continued)

Upon disposal of associates and joint ventures that results in the Group losing significant influence over that associates and joint ventures, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associates and joint ventures attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associates and joint ventures. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associates and joint ventures on the same basis as would be required if that associates and joint ventures had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associates and joint ventures would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associates and joint ventures.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture is recognised in the Group consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

5.12 Properties held for sale

Properties acquired or constructed with the intention of sale are classified as properties held for sale. Properties held for sale are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for properties less all estimated costs of completion and costs necessary to make the sale.

Cost includes the cost of land, infrastructure, construction and other related expenditure such as professional fees and engineering costs attributable to the project, which are capitalised as and when the activities that are necessary to get the assets ready for the intended use are in progress.

5.13 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured at cost less accumulated depreciation and impairment loss, if any. Depreciation on investment in buildings is charged on a straight-line basis over 40 years.

Investment properties that are financed by Wakala deposits pool are carried at fair value which are linked directly to the fair value of, or returns from these investment properties. The Group has elected the fair value model for these investment properties. Fair value of the investment properties is determined on the basis of valuation undertaken periodically by an independent valuer who holds a recognised and relevant qualification and has recent experience in the location and category of the investment properties being valued. Gains and losses arising from changes in the fair value are recognised in the statement of profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss in the period in which the property is derecognised.

Transfers to investment properties are made when, and only when there is change in use evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development.

Transfers from investment properties are made when, and only when, there is change in use evidenced by commencement of owner-occupation or commencement of development with a view to sale.

5.14 Acceptances

Acceptances are recognised as financial liability in the consolidated statement of financial position with a contractual right of reimbursement from the customer as a financial asset. Therefore, commitments in respect of acceptances have been accounted for as financial assets and financial liabilities.

Notes to the consolidated financial statements
for the year ended 31 December 2022

5 Significant accounting policies (continued)

5.15 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are charged to the consolidated statement of profit or loss in the period in which they are incurred.

Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives using the straight-line method as follows:

- Buildings 15 - 40 years;
- Furniture, office equipment and motor vehicles 3 - 5 years; and
- Information technology 3 - 15 years.

Freehold land is not depreciated. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss.

Properties or assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss, if any. Cost includes all direct costs attributable to the design and construction of the property including related staff costs, and for qualifying assets, financing costs capitalised in accordance with the Group accounting policy. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property, plant and equipment category and is depreciated in accordance with the Group policies.

5.16 Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the present value of the estimated future cash flows are calculated using a profit rate that reflects current market assessments of the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the consolidated statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the consolidated statement of profit or loss.

Notes to the consolidated financial statements
for the year ended 31 December 2022

5 Significant accounting policies (continued)

5.17 Intangible assets

Intangible assets acquired in a business combination are measured at fair value at acquisition date. Subsequent to the initial recognition, the intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

5.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is reasonably certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

5.19 Employees' end of service benefits

Pension and national insurance contributions for the U.A.E. citizens are made by the Group in accordance with Federal Law No. 2 of 2000 as amended by Federal Law No. 33 of 2021.

The Group provides end of service benefits for its expatriate employees in accordance with U.A.E. Labour Law.

The entitlement to these benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

5.20 Directors' remuneration

Pursuant to Article 169 of the Federal Law No. 2 of 2015 and in accordance with the articles of association of the Bank, the Directors shall be entitled for remuneration which shall not exceed 10% of the net profits after deducting depreciation and the reserves.

5.21 Taxation

Provision is made for current and deferred taxes arising from operating results of overseas subsidiaries in accordance with the fiscal regulations of the respective countries in which the subsidiaries operate.

5.21.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Notes to the consolidated financial statements
for the year ended 31 December 2022

5 Significant accounting policies (continued)

5.21 Taxation (continued)

5.21.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

5.22 Zakat

Zakat payable by the shareholders is computed based on “Net Invested Funds Method” which is in accordance with the advice of the Internal Sharia Supervision Committee (the ISSC).

The Zakat for the shareholders is accounted for as follows:

5.22.1 Zakat accounted by the Bank on shareholders’ behalf

Zakat is calculated as per the Articles and Memorandum of Association of the Bank and is approved by the Bank’s Internal Sharia Supervision Committee on the following basis:

- The portion of Zakat payable by the Bank on its shareholders’ behalf is calculated on ‘statutory reserve’, ‘general reserve’, ‘retained earnings’, ‘other comprehensive income’, exchange translation reserve’ and ‘provision for employees’ end of service benefits’;
- Zakat paid by investee companies directly are adjusted in shareholders Zakat, if the Bank only accounts for net profit after Zakat of investee;
- Zakat on depositors’ investment risk reserve is calculated and deducted from the investment risk reserve balance held with the bank and added to the Zakat payable balance; and
- Zakat is disbursed by a committee appointed by the Board of Directors and operating as per the terms set by the Board of Directors and the policy approved by the ISSC.

5.22.2 Zakat payable by the shareholders

Zakat payable by the shareholders directly represents the differential/remaining Zakat after deducting the Zakat accounted by the Bank on shareholders’ behalf.

Notes to the consolidated financial statements
for the year ended 31 December 2022

5 Significant accounting policies (continued)

5.23 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

5.23.1 Income from financial assets measured at amortised cost

Income from a financial asset measured at amortised cost is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Income from a financial asset measured at amortised cost is accrued/amortised on a time basis, by reference to the principal outstanding and at the effective profit rate applicable, which is the rate that is used to calculate the present value of estimated future net cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

5.23.2 Fee and commission income

Fee and commission income is recognised when the related services are performed. The Group earns fee and commission income from a range of services provided to its customers. The recognition of fee and commission in statement of profit or loss depends on the purposes for which the fees are collected as follows:

- income earned from the provision of services is recognised as revenue as the services are provided;
- income earned on the execution of a significant act is recognised as revenue when the act is completed; and
- income which forms an integral part of the effective profit rate of a financial instrument is recognised as an adjustment to the effective profit rate and considered as funded income.

5.23.3 Dividend income

Dividend income from other investments at fair value in equities is recognised when the right to receive the dividend is established.

5.23.4 Income from cancellation of properties sale contract

Income from cancellation of properties sale contract (forfeiture income) is recognised in the consolidated statement of profit or loss when, in the case of properties sold and not yet recognised as revenue, a customer does not fulfil the contractual payment terms. This is deemed to take place when, despite rigorous follow-up with the defaulted customer, the customer continues to default on the contractual terms and an amount is taken under a settlement or pursuant to a decision issued by Dubai Real Estate Regulatory Authority.

5.23.5 Revenue from sale of properties, net

Revenue is recognized when (or as) the Group satisfies the performance obligation at an amount that reflects the consideration to which the Group is entitled in exchange for transferring goods or services to a customer. A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). For performance obligations satisfied over time, the Group recognises revenue over time by selecting an appropriate method for measuring the progress towards complete satisfaction of that performance obligation.

5.23.6 Rental income

The Group recognizes revenue from operating leases on a straight line basis over the lease term.

Notes to the consolidated financial statements
for the year ended 31 December 2022

5 Significant accounting policies (continued)

5.23 Revenue recognition (continued)

5.23.7 Forfeited income

It is an income resulting from transaction errors and wrong execution of the transactions as determined by the Internal Sharia Supervision Committee. In addition, the late payment donations by the customers who delay in payment of their liabilities are also added to the same account. According to the Bank's Internal Sharia Supervision Committee, the Group is required to identify these incomes and to set aside such amount in a separate account used to pay for charitable causes and activities as per the approved policy for Community Support Services.

5.24 Depositors' share of profit calculation

Allocation of profits between depositors and shareholders is calculated according to the Bank's standard procedures and is approved by the Bank's Internal Sharia Supervision Committee.

5.25 Profit equalisation reserve

Profit equalisation reserves are amounts appropriated out of the Common Mudaraba Pool's income, before allocating the mudarib share, in order to maintain a certain level of return on investments for all the investment accountholders and other investors in the Common Mudaraba Pool.

5.26 Depositors' investment risk reserve

Depositors' investment risk reserve represents a portion of the depositors' share of profits set aside as a reserve. This reserve is payable to the depositors upon the approval of the Bank's Internal Sharia Supervision Committee. Zakat on depositors' investment risk reserve is included under Zakat payable and is deducted from the depositors' investment risk reserve balance.

5.27 Lease

The Group initially measures the right-of-use asset at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The Group initially measures the lease liability at the present value of the future lease payments discounted using the discount rate implicit in the lease. Subsequently, the lease liability is adjusted for profit and lease payments, as well as the impact of lease modifications, amongst others.

The Group has elected to apply the expedient allowed by IFRS 16 on its general requirements to short-term leases (i.e. one that does not include a purchase option and has a lease term at commencement date of 12 months or less) and leases of low value assets. For this the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term or another systematic basis if that basis is representative of the pattern of the lessee's benefits, similar to the current accounting for operating leases.

5.28 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segment income, segment expenses and segment performance include transfers between business segments and between geographical segments. Refer to note 44 on Business Segment reporting.

6 Critical accounting judgements and key sources of estimation of uncertainty

While applying the accounting policies as stated in note 5, the management of the Group has made certain judgments. These judgments mainly have a significant effect on the carrying amounts of Islamic financing and investing assets, investment securities and the fair values of Islamic derivative financial instruments. The significant judgments made by the management in arriving at the carrying amounts of Islamic financing and investing assets, investment securities and fair values of Islamic derivative financial instruments are summarised as follows:

Notes to the consolidated financial statements
for the year ended 31 December 2022

6 Critical accounting judgements and key sources of estimation of uncertainty (continued)

6.1 Significant increase in credit risk

As explained in note 5.3.9, ECL are measured as an allowance equal to 12-month ECL for Stage 1 assets, or lifetime ECL for Stage 2 or Stage 3 assets. An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased or not, the Bank takes into account qualitative and quantitative reasonable and supportable forward looking information.

Sensitivity assessment due to movement in each macroeconomic variable and the respective weights under the three scenarios is periodically assessed by the Group. The table below summarizes key macroeconomic indicators included in the economic scenarios for the years ending 2022 to 2025:

Macro-economic variable	Scenario	2022	2023	2024	2025
	Baseline	180.4	190.4	205.6	220.3
Real Government Consumption Expenditure, (AED,bln)	Upside	180.4	191.0	211.1	227.0
	Downside	180.4	190.0	202.9	213.2
	Baseline	1040.2	1127.8	1217.0	1278.1
Real Imports of Goods and Services, (AED,bln)	Upside	1040.2	1135.5	1242.0	1325.7
	Downside	1040.2	1050.3	1070.3	1098.5
	Baseline	87.2	89.0	91.7	92.8
Real House Price Index, Real, (Index 2010=100)	Upside	87.2	90.5	94.7	95.9
	Downside	87.2	85.9	84.0	84.9
	Baseline	108.6	112.9	115.2	116.7
Residential properties - Abu Dhabi and Dubai, (Index 2010=100)	Upside	108.6	114.8	119.1	120.6
	Downside	108.6	108.8	105.4	106.5
	Baseline	106.0	109.4	111.4	113.2
Total Consumer Price Index, (Index 2021=100)	Upside	106.0	109.5	111.5	113.3
	Downside	106.0	109.3	111.1	112.9
	Baseline	1611.3	1649.8	1684.4	1731.3
Real Gross Domestic Product, (AED, bln)	Upside	1611.3	1670.3	1729.5	1778.0
	Downside	1611.3	1590.9	1554.0	1612.3
	Baseline	422.8	471.6	530.4	581.3
General Government Finance: Expenditure, (AED, bln)	Upside	422.8	471.4	531.9	591.3
	Downside	422.8	471.1	524.0	558.6
	Baseline	1482.9	1568.3	1653.2	1731.6
National Accounts: Real Exports of Goods and Services, (AED, bln)	Upside	1482.9	1577.7	1687.9	1789.4
	Downside	1482.9	1475.7	1476.0	1527.1

6.2 Establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Bank monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets.

6.3 Models and assumptions used

The Bank uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgment is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

Notes to the consolidated financial statements
for the year ended 31 December 2022

6 Critical accounting judgements and key sources of estimation of uncertainty (continued)

6.4 Classification of investments

The classification and measurement of the financial assets depends on the management's business model for managing its financial assets and on the contractual cash flow characteristics of the financial assets assessed. Management is satisfied that the Group investment in securities are appropriately classified and measured.

Financial assets that are measured at amortised cost are those assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit.

Financial assets that are measured at FVTOCI are investments in sharia compliant equity instruments and investment funds that are not held to benefit from changes in their fair value and are not held for trading. The management believes that designating these instruments as at FVTOCI provides a more meaningful presentation of its medium to long-term interest in its investments than holding the investments at fair value through profit and loss.

Financial assets that are measured at FVTPL are either held for trading or designated as FVTPL.

6.5 Impairment of associates and joint ventures

After application of equity method of accounting, the Group determines whether it is necessary to recognise for any additional impairment loss on the carrying value of the investment in associates and joint ventures by comparing their recoverable amounts with the higher of value in use or fair value less costs to sell with their carrying amounts.

In determining the value in use of the investment, the Group estimates:

- its share of the present value of the estimated future cash flows expected to be generated by the associates, including the cash flows from the operations of the associates and the proceeds on the ultimate disposal of the investment; or
- the present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

6.6 Fair value of financial instruments

Certain assets and liabilities are measured at fair value for financial reporting purposes. The management has set up a valuation process, which involves finance and investment banking departments to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market observable data to the extent it is available. Where level 1 inputs are not available, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgement is required to establish fair values. The judgements include considerations of liquidity and model inputs such as present value calculation rates, prepayment rates and default rate assumptions for 'asset-backed' securities.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 46 to these consolidated financial statements.

6.7 Valuation of investment properties

The Group determines the fair value of its investment properties on the basis of market valuations prepared by independent professional valuers. The valuations are carried out on assumptions which are based on the market conditions existing at the reporting date. Therefore, any future change in the market conditions can have an impact on the fair values.

6.8 Determination of control over investee

Management applies its judgement to determine whether control indicators as set out in 5.1 exist to establish that the Group controls an investee.

Notes to the consolidated financial statements
for the year ended 31 December 2022

7 Cash and balances with central banks

7.1 Analysis by category

	Note	**2022 AED'000**	2021 AED'000
Cash on hand		**1,882,803**	2,067,247
Balances with central banks:			
Balances and reserve requirements with central banks	*7.3*	**6,097,561**	8,512,007
Certificates of deposits with the Central Bank of the U.A.E.		**18,508,780**	17,500,486
Total		**26,489,144**	28,079,740

Balances with Central Banks are at stage 1 at 31 December 2022 and 31 December 2021.

7.2 Analysis by geography

	2022 AED'000	2021 AED'000
Within the U.A.E.	**25,736,305**	27,529,367
Outside the U.A.E.	**752,839**	550,373
Total	**26,489,144**	28,079,740

7.3 Statutory cash reserve requirements

The reserve requirements are kept with the Central Banks of the U.A.E., Pakistan and Kenya in the respective local currencies and US Dollar. These reserves are not available for use in the Group's day to day operations, and cannot be withdrawn without the approval of the respective central banks. The level of reserve required by Central Bank of the UAE changes every 14 days whereas for other jurisdictions changes every month in accordance with the requirements of the respective central banks' directives.

8 Due from banks and financial institutions

8.1 Analysis by category

	2022 AED'000	2021 AED'000
Current accounts	**2,050,838**	1,900,638
Wakala deposits	**943,817**	280,359
International Murabaha - short term	**1,615,206**	1,125,333
Less: Provision for impairment	**(2,918)**	(2,918)
Total	**4,606,943**	3,303,412

8.2 Analysis by geography

	2022 AED'000	2021 AED'000
Within the U.A.E.	**2,137,172**	383,341
Outside the U.A.E.	**2,469,771**	2,920,071
Total	**4,606,943**	3,303,412

Due from banks and financial institutions are at stage 1 at 31 December 2022 and 31 December 2021.

Notes to the consolidated financial statements
for the year ended 31 December 2022

9 Islamic financing and investing assets, net

9.1 Analysis by category

	Note	**2022 AED'000**	2021 AED'000
Islamic financing assets			
Vehicles Murabaha		**8,662,860**	8,311,504
International Murabaha - long term		**27,707,008**	30,847,165
Other Murabaha		**5,105,297**	5,435,548
Total Murabaha		**41,475,165**	44,594,217
Ijarah		**52,640,431**	58,170,776
Home Finance Ijarah		**22,998,861**	21,496,603
Personal Finance		**21,116,455**	20,284,722
Istisna'		**733,357**	797,990
Islamic credit cards		**2,320,504**	2,077,226
		141,284,773	147,421,534
Less: deferred income		**(3,851,968)**	(3,552,477)
Less: contractors and consultants' istisna' contracts		**(6,784)**	(6,784)
Total Islamic financing assets		**137,426,021**	143,862,273
Islamic investing assets			
Musharaka		**5,757,649**	6,401,053
Mudaraba		**10,183,560**	9,918,806
Wakala		**41,468,181**	35,434,448
Total Islamic investing assets		**57,409,390**	51,754,307
Total Islamic financing and investing assets		**194,835,411**	195,616,580
Less: provisions for impairment	*9.3*	**(8,792,854)**	(8,926,029)
Total Islamic financing and investing assets, net		**186,042,557**	186,690,551

Notes to the consolidated financial statements
for the year ended 31 December 2022

9 Islamic financing and investing assets, net (continued)

9.2 Carrying value of exposure by internal risk rating category and by stage

As at 31 December 2022

	Gross book values (AED'000)					Expected credit loss (AED'000)				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Low	**52,088,928**	**-**	**-**	**-**	**52,088,928**	**66,285**	**-**	**-**	**-**	**66,285**
Moderate	**98,805,092**	**8,359,733**	**-**	**-**	**107,164,825**	**728,221**	**687,746**	**-**	**-**	**1,415,967**
Fair	**15,357,060**	**7,238,812**	**-**	**-**	**22,595,872**	**188,371**	**429,336**	**-**	**-**	**617,707**
Default	**-**	**-**	**12,047,040**	**938,746**	**12,985,786**	**-**	**-**	**6,426,768**	**266,127**	**6,692,895**
Total	**166,251,080**	**15,598,545**	**12,047,040**	**938,746**	**194,835,411**	**982,877**	**1,117,082**	**6,426,768**	**266,127**	**8,792,854**

As at 31 December 2021

	Gross book values (AED'000)					Expected credit loss (AED'000)				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Low	47,098,862	-	-	-	47,098,862	14,978	-	-	-	14,978
Moderate	102,288,996	9,808,046	-	-	112,097,042	674,517	475,638	-	-	1,150,155
Fair	12,639,868	9,996,996	-	-	22,636,864	272,449	545,910	-	-	818,359
Default	-	-	12,755,822	1,027,990	13,783,812	-	-	6,785,130	157,407	6,942,537
Total	162,027,726	19,805,042	12,755,822	1,027,990	195,616,580	961,944	1,021,548	6,785,130	157,407	8,926,029

Notes to the consolidated financial statements
for the year ended 31 December 2022

9 Islamic financing and investing assets, net (continued)

9.3 Provision for impairment

Movement of provision for impairment, including regulatory profit suspension, is as follows:

2022	*Note*	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	POCI AED'000	Total AED'000
Balance at 1 January		**961,944**	**1,021,548**	**6,785,130**	**157,407**	**8,926,029**
Impairment charge during the year, net	*40*	**(1,407)**	**85,214**	**1,150,295**	**92,806**	**1,326,908**
Transfer to other stages			**(70,667)**	**70,667**	**-**	**-**
Write off		**-**	**-**	**(1,334,838)**	**-**	**(1,334,838)**
Exchange and other adjustments		**22,340**	**80,987**	**(244,486)**	**15,914**	**(125,245)**
Balance at 31 December		**982,877**	**1,117,082**	**6,426,768**	**266,127**	**8,792,854**

2021	*Note*	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	POCI AED'000	Total AED'000
Balance at 1 January		1,132,672	936,619	6,314,658	16,899	8,400,848
Impairment charge during the year, net	*40*	(143,460)	331,000	1,643,212	140,508	1,971,260
Transfer to other stages		-	(246,071)	246,071	-	-
Write off		-	-	(1,436,148)	-	(1,436,148)
Exchange and other adjustments		(27,268)	-	17,337	-	(9,931)
Balance at 31 December		961,944	1,021,548	6,785,130	157,407	8,926,029

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9 Islamic financing and investing assets, net (continued)

9.4 Collaterals and mitigations

The Group, in the ordinary course of providing finance, holds collateral as security to mitigate credit risk associated with Islamic financing and investing assets. The collaterals include mortgage on land and buildings and lien on deposits, equities and other fixed assets. The estimated value of collaterals for Islamic financing and investing assets which are mainly asset based financing, is as follows:

	2022 AED'000	2021 AED'000
Properties and mortgages	**66,774,273**	70,260,112
Deposits and shares	**2,215,266**	2,467,173
Movable assets	**17,667,164**	19,316,139
Government and financial guarantees	**818,168**	2,484,967

The estimated fair value of collaterals that the Group holds relating to facilities individually determined to be impaired at 31 December 2022 amounts to AED 9.0 billion (2021: AED 9.0 billion).

During the year ended 31 December 2022, the Group took possession of various underlying assets, primarily vehicles and residential mortgage properties. The Group has sold repossessed assets amounting to AED 36.5 million (2021: AED 41.9 million) and acquired the properties amounting to AED 200.7 million (2021: AED 75.9 million) which has been adjusted against the outstanding receivables.

9.5 Analysis by economic sector and geography

	Within the U.A.E. AED'000	**Outside the U.A.E. AED'000**	**Total AED'000**
2022			
Government	**19,998,574**	**3,644,798**	**23,643,372**
Financial institutions	**3,242,372**	**577,958**	**3,820,330**
Real estate	**37,886,534**	**235,589**	**38,122,123**
Contracting	**3,866,722**	**1,489,946**	**5,356,668**
Trade	**7,922,488**	**1,033,363**	**8,955,851**
Aviation	**18,122,192**	**54,184**	**18,176,376**
Services and others	**40,799,683**	**3,408,959**	**44,208,642**
Consumer financing	**28,253,448**	**511,807**	**28,765,255**
Consumer home finance	**23,449,214**	**337,580**	**23,786,794**
	183,541,227	**11,294,184**	**194,835,411**
Less: provision for impairment			**(8,792,854)**
Total			**186,042,557**
2021			
Government	12,841,825	4,557,188	17,399,013
Financial institutions	4,739,580	100,972	4,840,552
Real estate	43,587,827	495,020	44,082,847
Contracting	4,699,261	1,006,151	5,705,412
Trade	7,366,397	973,721	8,340,118
Aviation	19,665,100	102,664	19,767,764
Services and others	40,228,548	4,044,573	44,273,121
Consumer financing	28,279,625	660,870	28,940,495
Consumer home finance	21,940,519	326,739	22,267,258
	183,348,682	12,267,898	195,616,580
Less: provision for impairment			(8,926,029)
Total			186,690,551

Notes to the consolidated financial statements
for the year ended 31 December 2022

10 Investments in Sukuk

10.1 Analysis by geography

	2022 AED'000	2021 AED'000
Within the U.A.E.	**20,730,297**	19,506,228
Other G.C.C. Countries	**16,579,125**	13,568,733
Rest of the World	**15,295,852**	8,948,483
	52,605,274	42,023,444
Less: provision for impairment	**(376,912)**	(229,087)
Total	**52,228,362**	41,794,357

10.2 Analysis by economic sector

	2022 AED'000	2021 AED'000
Government	**40,779,730**	30,320,111
Financial institutions	**3,603,089**	3,426,814
Real estate	**2,472,571**	3,191,996
Aviation	**739,004**	778,548
Services and others	**5,010,880**	4,305,975
	52,605,274	42,023,444
Less: provision for impairment	**(376,912)**	(229,087)
Total	**52,228,362**	41,794,357

Investments in Sukuk within the U.A.E. include investments in bilateral sukuk amounting to AED 5.8 billion as at 31 December 2022 (2021: AED 5.8 billion). Investment in sukuk include an amount of AED 0.43 billion (2021: AED 0.51 billion) which is measured at fair value through other comprehensive income.

Investment in sukuk classified at stage 2 and stage 3 at 31 December 2022 amounts to AED 76.9 million (31 December 2021: AED 80.7 million) and AED 301.3 million (31 December 2021: AED 285.8 million) respectively.

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11 Other investments measured at fair value

11.1 Analysis by category and geography

	Within the U.A.E. AED'000	Other G.C.C. countries AED'000	Rest of the World AED'000	Total AED'000
As at 31 December 2022				
Investments measured at fair value through other comprehensive income				
Quoted equity instruments	**157,872**	**39,012**	**16,471**	**213,355**
Unquoted equity instruments	**34,643**	**27,083**	**749,678**	**811,404**
Total	**192,515**	**66,095**	**766,149**	**1,024,759**
As at 31 December 2021				
Investments measured at fair value through other comprehensive income				
Quoted equity instruments	141,826	118,213	878	260,917
Unquoted equity instruments	47,675	29,241	891,636	968,552
Total	189,501	147,454	892,514	1,229,469

During the year ended 31 December 2022, dividends received from investments measured at fair value through other comprehensive income amounting to AED 56.1 million (2021: AED 20.6 million) were recognised in the consolidated statement of profit or loss (note 33).

During the year ended 31 December 2022, the Group purchased shares of AED 4.1 million (2021: AED 8.8 million).

11.2 Analysis by economic sector

	2022 AED'000	2021 AED'000
Services and others	**194,589**	394,256
Financial institutions	**676,390**	689,277
Real estate	**153,780**	145,936
Total	**1,024,759**	1,229,469

Notes to the consolidated financial statements
for the year ended 31 December 2022

12 Investments in associates and joint ventures

12.1 Analysis of carrying value

	2022 AED'000	2021 AED'000
Balance at 1 January	**1,944,838**	1,939,043
Dividend received	**(28,007)**	(3,829)
Share of profit	**128,301**	115,948
Others	**(96,291)**	(106,324)
Balance at 31 December	**1,948,841**	1,944,838

12.2 Analysis by geography

	2022 AED'000	2021 AED'000
Within the U.A.E.	**1,441,507**	1,454,901
Other G.C.C. Countries	**40,539**	38,533
Rest of the world	**466,795**	451,404
Total	**1,948,841**	1,944,838

12.3 Fair value of investment in associates and joint ventures

As at 31 December 2022, the cumulative fair value of the Group's listed associates is AED 379.7 million (2021: AED 377.3 million), and the carrying amount of the Group's interest in those associates is AED 374.0 million (2021: 360.8 million). All other investments in associates and joint ventures are not listed in active markets and the management considers the carrying amounts of these investments approximate their fair values.

12.4 Analysis of the Group's share of total comprehensive income of associates and joint ventures

	2022 AED'000	2021 AED'000
The Group's share of profit for the year	**128,301**	115,948
The Group's share of other comprehensive income / (loss) for the year	**-**	-
The Group's share of total comprehensive income for the year	**128,301**	115,948

12.5 List of associates and joint ventures

	Name of associate or joint venture	Principal activity	Place of incorporation	Effective Percentage holding 2022	Effective Percentage holding 2021
1.	Bank of Khartoum	Banking	Sudan	**29.5%**	29.5%
2.	PT. Bank Panin Dubai Syariah Tbk	Banking	Indonesia	**25.1%**	25.1%
3.	Bosnia Bank International	Banking	Bosnia	**27.3%**	27.3%
4.	Liquidity Management Center	Financial services	Bahrain	**25.0%**	25.0%
5.	Ejar Cranes & Equipment L.L.C.	Equipment leasing	U.A.E.	**20.0%**	20.0%
6.	Solidere International Al Zorah Equity Investments Inc	Property development	Cayman Islands	**10.2%**	10.2%
7.	Al Bustan Center Company L.L.C.	Leasing apartments and shops	U.A.E.	**50.0%**	50.0%
8.	Arady Development LLC	Property development	U.A.E.	**22.5%**	22.5%

All of the above associates and joint ventures are accounted for using the equity accounting method in these consolidated financial statements.

Notes to the consolidated financial statements
for the year ended 31 December 2022

12 Investments in associates and joint ventures (continued)

12.6 Material associates and joint ventures

Summarised financial information in respect of the Group material associates and joint ventures is set out below.

	2022 AED'000	2021 AED'000
Arady Development LLC		
Statement of financial position		
Assets	**1,450,109**	1,467,334
Liabilities	**40,205**	37,467
Net assets	**1,409,904**	1,429,867
Carrying amount of Group's interest	**965,929**	978,881
Statement of Comprehensive income		
Revenue	**136,314**	99,114
Net profit	**51,269**	38,344

13 Properties held for development and sale

13.1 Movement in properties held for development and sale

	Note	Other real estate AED'000	Properties under construction AED'000	Land AED'000	Total AED'000
Balance at 1 January 2022		**383,531**	**498,565**	**689,412**	**1,571,508**
Additions		**7,866**	**325,872**	**4,181**	**337,919**
Disposals	*34*	**(50,230)**	**(365,239)**	**-**	**(415,469)**
Transfers		**(3,189)**	**-**	**-**	**(3,189)**
Foreign exchange effect		**(2,690)**	**-**	**-**	**(2,690)**
Balance at 31 December 2022		**335,288**	**459,198**	**693,593**	**1,488,079**
Balance at 1 January 2021		472,602	222,288	696,148	1,391,038
Additions		74,415	161,898	23,443	259,756
Disposals	*34*	(193,023)	(38,544)	-	(231,567)
Transfers		(6,649)	-	153,682	147,033
Reclassification		30,938	152,923	(183,861)	-
Impairment		5,238	-	-	5,238
Foreign exchange effect		10	-	-	10
Balance at 31 December 2021		383,531	498,565	689,412	1,571,508

Properties held for sale represent properties in the U.A.E. and outside the U.A.E. that are registered in the name of the Group entities.

Notes to the consolidated financial statements
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14 Investment properties

14.1 Movement in investment properties at cost

	Other real estate AED'000	Investment properties under construction AED'000	Land AED'000	Total AED'000
Cost:				
Balance at 1 January 2022	**2,966,954**	**1,365,412**	**2,001,912**	**6,334,278**
Additions	**114,775**	**90,851**	**-**	**205,626**
Disposal	**(528,771)**	**-**	**(176,756)**	**(705,527)**
Transfers *	**200,689**	**-**	**-**	**200,689**
Reclassification	**3,189**	**-**	**-**	**3,189**
Balance at 31 December 2022	**2,756,836**	**1,456,263**	**1,825,156**	**6,038,255**
Accumulated depreciation and impairment:				
Balance at 1 January 2022	**702,583**	**-**	**132,572**	**835,155**
Depreciation charged for the year	**64,038**	**-**	**-**	**64,038**
Disposal	**(93,624)**	**-**	**(29,185)**	**(122,809)**
Balance at 31 December 2022	**672,997**	**-**	**103,387**	**776,384**
Carrying amount at 31 December 2022	**2,083,839**	**1,456,263**	**1,721,769**	**5,261,871**
Cost:				
Balance at 1 January 2021	3,245,288	1,339,211	2,086,330	6,670,829
Additions	324,641	26,201	-	350,842
Disposal	(652,866)	-	(133,915)	(786,781)
Transfers *	49,891	-	49,497	99,388
Balance at 31 December 2021	2,966,954	1,365,412	2,001,912	6,334,278
Accumulated depreciation and impairment:				
Balance at 1 January 2021	616,234	-	107,572	723,806
Depreciation charged for the year	57,841	-	-	57,841
Disposal	(5,892)	-	-	(5,892)
Impairment	34,400	-	25,000	59,400
Balance at 31 December 2021	702,583	-	132,572	835,155
Carrying amount at 31 December 2021	2,264,371	1,365,412	1,869,340	5,499,123

* Transfer to investment properties include properties acquired in settlement of Islamic financing and investing assets amounting to AED 200.7 million (2021: 75.9 million) and transfer from property held for sale amounting to AED 3.2 million (2021: AED Nil).

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14 Investment properties (continued)

14.2 Analysis by geography

	Other real estate AED'000	Investment properties under construction AED'000	Land AED'000	Total AED'000
2022				
Carrying amount at 31 December:				
Within the U.A.E.	**2,083,839**	**1,456,263**	**1,670,038**	**5,210,140**
Outside the U.A.E.	**-**	**-**	**51,731**	**51,731**
Total carrying amount	**2,083,839**	**1,456,263**	**1,721,769**	**5,261,871**
2021				
Carrying amount at 31 December:				
Within the U.A.E.	2,264,371	1,365,412	1,817,609	5,447,392
Outside the U.A.E.	-	-	51,731	51,731
Total carrying amount	2,264,371	1,365,412	1,869,340	5,499,123

14.3 Fair value of investment properties

The fair value of the Group's investment properties as at 31 December 2022 is AED 6.0 billion (2021: AED 6.2 billion) based on unobservable market inputs (i.e. level 3).

The Group has carried out external valuations of these properties as at 31 December 2022. The valuations are carried out by professional valuators who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment properties being valued. The valuations were based on comparable transaction method and present value calculation of the estimated future cash flow model supported by existing lease and current market rents for similar properties in the same location adjusted to reflect the level of completion of construction of these properties. The profit rate, which is used to calculate the present value of the future cash flows, reflects current market assessments of the uncertainty and timing of the cash flows.

The valuations were based on an individual assessment, for each property type, of both the future earnings and the required yield. In assessing the future earnings of the properties, potential changes in rental levels from each contract's rent and expiry date is compared with estimated current market rent, as well as changes in occupancy rates and property costs.

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15 Receivables and other assets

15.1 Analysis by category

	Note	**2022 AED'000**	2021 AED'000
Receivables on sale of investment properties, net	*15.1.1*	**415,340**	415,340
Due from customers	*15.1.2*	**664,873**	1,349,399
Acceptances		**869,739**	768,617
Prepaid expenses		**98,973**	114,818
Fair value of Islamic derivatives	*45.1*	**1,830,844**	1,498,164
Deferred tax asset	*22.2*	**57,871**	49,980
Right of use asset		**164,865**	212,882
Intangible assets	*15.1.3*	**83,614**	151,409
Others		**3,303,726**	2,913,875
Total		**7,489,845**	7,474,484

15.1.1 Receivables on sale of investment properties, net

The Bank and its subsidiary entered into sale and purchase agreements to sell investment properties in prior years. The salient terms and conditions of the sales and purchase agreements are as follows:

- The sales consideration of transactions of the Bank was receivable on or before 31 December 2019. The arrangement has been extended to 31 December 2024 on the similar terms provided below;
- The sales consideration can be settled in cash or in kind or a combination of cash and in kind, at the discretion of the buyer. In case full settlement of consideration or part thereof is in kind, assets to be offered in lieu of the full sales consideration or part thereof must be of equal value to the amount due and payable under the agreement;
- The commitments on the remaining original purchase price for the plots of land remain with the Bank; and
- The net exposure is classified in stage 2 and accordingly life time expected credit loss amounting to AED 40.0 million is held at 31 December 2022 (2021: AED 40.0 million).

15.1.2 Due from customers

Due from customers represent overdrawn current accounts and other accounts that do not meet the definition of Islamic financing and investing assets and are in stage 2 and 3 respectively. The balances are stated net of provision for impairment amounting to AED 1,781 million (2021: AED 1,125 million). The Group holds collaterals amounting to AED 60.0 million (2021: AED 1.0 billion) against these accounts.

15.1.3 Intangible assets

Intangible assets have been recognized on the acquisition of Noor bank and comprise of the core deposits and customer relationships. These are being amortized over a useful life of 4 and 5.5 years respectively from the date of acquisition.

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16 Property and equipment

	Land and buildings AED'000	Furniture, equipment, and vehicles AED'000	Information technology AED'000	Capital work in progress AED'000	Total AED'000
Cost:					
Balance at 1 January 2022	**1,513,537**	**335,134**	**1,048,398**	**279,039**	**3,176,108**
Additions	**19,487**	**5,012**	**12,975**	**262,645**	**300,119**
Disposals	**(230)**	**(43,541)**	**(5,397)**	**-**	**(49,168)**
Transfers	**12,086**	**2,898**	**106,211**	**(121,195)**	**-**
Exchange and others	**(3,363)**	**(17,192)**	**(13,956)**	**(435)**	**(34,946)**
Balance at 31 December 2022	**1,541,517**	**282,311**	**1,148,231**	**420,054**	**3,392,113**
Accumulated depreciation:					
Balance at 1 January 2022	**563,965**	**317,229**	**800,826**	**-**	**1,682,020**
Charge for the year	**36,629**	**10,175**	**72,713**	**-**	**119,517**
Disposals	**-**	**(38,726)**	**(4,888)**	**-**	**(43,614)**
Exchange and others	**(1,008)**	**(13,229)**	**(9,663)**	**-**	**(23,900)**
Balance at 31 December 2022	**599,586**	**275,449**	**858,988**	**-**	**1,734,023**
Carrying amount					
Balance at 31 December 2022	**941,931**	**6,862**	**289,243**	**420,054**	**1,658,090**
Cost:					
Balance at 1 January 2021	1,545,276	343,314	924,431	231,451	3,044,472
Additions	9,956	6,897	6,731	181,533	205,117
Disposals	(30,385)	(10,577)	(1,611)	-	(42,573)
Transfers	4,166	2,638	121,034	(127,838)	-
Write-off	(7,551)	(199)	-	-	(7,750)
Exchange and others	(7,925)	(6,939)	(2,187)	(6,107)	(23,158)
Balance at 31 December 2021	1,513,537	335,134	1,048,398	279,039	3,176,108
Accumulated depreciation:					
Balance at 1 January 2021	570,540	308,816	734,482	-	1,613,838
Charge for the year	23,902	25,361	72,234	-	121,497
Disposals	(22,629)	(10,225)	(1,588)	-	(34,442)
Impairment	(7,244)	(187)	-	-	(7,431)
Exchange adjustments	(604)	(6,536)	(4,302)	-	(11,442)
Balance at 31 December 2021	563,965	317,229	800,826	-	1,682,020
Carrying amount					
Balance at 31 December 2021	949,572	17,905	247,572	279,039	1,494,088

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17 Subsidiaries

17.1 List of material subsidiaries

(a) Below are material interest held by the Group directly or indirectly in subsidiaries:

	Name of subsidiary	Principal activity	Place of incorporation and operation	Ownership interest and voting power 2022	2021
1.	Dubai Islamic Bank Pakistan Ltd.	Banking	Pakistan	**100.0%**	100.0%
2.	Noor Bank P.J.S.C.	Banking	U.A.E	**100.0%**	100.0%
3.	Tamweel P.S.C	Financing	U.A.E	**92.0%**	92.0%
4.	DIB Bank Kenya Ltd.	Banking	Kenya	**100.0%**	100.0%
5.	Dubai Islamic Financial Services L.L.C.	Brokerage services	U.A.E.	**99.0%**	99.0%
6.	Deyaar Development P.J.S.C.	Real estate development	U.A.E	**44.9%**	44.9%
7.	Dar al Shariah Islamic Finance Consultancy L.L.C.	Islamic finance advisory	U.A.E.	**100.0%**	100.0%
8.	Al Tanmyah Services L.L.C.	Labour services	U.A.E.	**99.0%**	99.0%
9.	Al Tatweer Al Hadith Real Estate	Real estate development	Egypt	**100.0%**	100.0%
10.	Al Tameer Modern Real Estate Investment	Real estate development	Egypt	**100.0%**	100.0%
11.	Al Tanmia Modern Real Estate Investment	Real estate development	Egypt	**100.0%**	100.0%
12.	Naseej Private Property Management Services	Property management	U.A.E.	**99.0%**	99.0%
13.	Dubai Islamic Bank Printing Press L.L.C.	Printing	U.A.E.	**99.5%**	99.5%
14.	Al Islami Real Estate Investments Ltd.	Investments	U.A.E.	**100.0%**	100.0%
15.	Dubai Islamic Trading Center L.L.C.	Trading in vehicles	U.A.E.	**99.0%**	99.0%
16.	Creek Union Limited FZ LLC	Investments	U.A.E	**100.0%**	100.0%
17.	Madinat Bader Properties Co. L.L.C.	Real Estate Development	U.A.E.	**99.0%**	99.0%
18.	Premium Marketing Services L.L.C	Outsourcing and Marketing activities	U.A.E	**-**	100.0%
19.	Noor BPO L.L.C	Outsourcing and Consultancy services	U.A.E	**-**	100.0%
20.	Zawaya Realty L.L.C	Real Estate Management Services	U.A.E	**-**	100.0%

(b) In addition to the registered ownership described above, the remaining equity in the entities 5, 8, 12, 13, 15 and 17 are also beneficially held by the Bank through nominee arrangements.

(c) During the current year, Deyaar Development P.J.S.C., has reduced its share capital by 24.3%. The reduction in share capital has no impact on the ownership interest held by the Bank.

Notes to the consolidated financial statements
for the year ended 31 December 2022

17 Subsidiaries (continued)

17.2 List of Special Purpose Vehicles ("SPV")

(d) Below is the list of special purpose vehicles which were formed to manage specific transactions including funds, and are expected to be closed upon completion of the related transactions:

	Name of SPV	Principal activity	Place of incorporation and operation	Ownership interest and voting power 2022	2021
21.	HoldInvest Real Estate Sarl	Investments	Luxembourg	**100.0%**	100.0%
22.	France Invest Real Estate SAS	Investments	France	**100.0%**	100.0%
23.	SARL Barbanniers	Investments	France	**100.0%**	100.0%
24.	SCI le Sevine	Investments	France	**100.0%**	100.0%
25.	Al Islami Trade Company Limited	Investments	U.A.E.	**100.0%**	100.0%
26.	MESC Investment Company	Investments	Jordan	**-**	40.0%
27.	Levant One Investment Limited	Investments	U.A.E.	**100.0%**	100.0%
28.	Petra Limited	Investments	Cayman Islands	**100.0%**	100.0%
29.	Deyaar Investments LLC	Investments	U.A.E.	**Controlling Interest**	Controlling Interest
30.	Deyaar Funds LLC	Investments	U.A.E.	**Controlling Interest**	Controlling Interest
31.	Sequia Investments L.L.C.	Investments	U.A.E.	**99.0%**	99.0%
32.	Blue Nile Investments L.L.C.	Investments	U.A.E.	**99.0%**	99.0%
33.	DIB FM Ltd	Investments	Cayman Islands	**100.0%**	100.0%
34.	Noor Sukuk Company Limited	Investments	Cayman Islands	**100.0%**	100.0%
35.	Noor Tier 1 Sukuk Limited	Investments	Cayman Islands	**-**	100.0%
36.	Noor Structured Certificates Ltd.	Investments	Cayman Islands	**100.0%**	100.0%
37.	Noor Derivatives Limited	Investments	Cayman Islands	**-**	100.0%

(e) In addition to the registered ownership described above, the remaining equity in the entities 29, 30, 31 and 32 are also beneficially held by the Bank through nominee arrangements. The entities 18, 19, 20, 26, 35 and 38 have been liquidated.

17.3 Non-controlling interests

Below are details of subsidiaries of the Group that have material non-controlling interests:

	Name of subsidiary	Proportion of ownership interests and voting rights held by the non-controlling interests 2022 AED'000	2021 AED'000	Profit / (loss) allocated to non-controlling interests 2022 AED'000	2021 AED'000	Accumulated non-controlling interests 2022 AED'000	2021 AED'000
1	Tamweel P.S.C.	**8.0%**	8.0%	**3,958**	1,940	**187,846**	187,714
2	Deyaar Development P.J.S.C.	**55.0%**	55.0%	**73,488**	12,509	**2,483,410**	2,410,235
3	Others	**-**	-	**-**	583	**-**	583
	Total			**77,446**	15,032	**2,671,256**	2,598,532

Notes to the consolidated financial statements
for the year ended 31 December 2022

17 Subsidiaries (continued)

17.4 Material non-controlling interests

Summarised financial information of material non-controlling interests before intragroup elimination is as follows:

17.4.1 Tamweel P.S.C

	31 December 2022 AED'000	31 December 2021 AED'000
Statement of financial position		
Islamic financing and investing assets, net	**988,217**	1,281,944
Receivable and other assets	**1,922,507**	1,567,341
Total assets	**2,910,724**	2,849,285
Payable and other liabilities	**73,883**	64,824
Total liabilities	**73,883**	64,824
Net assets	**2,836,841**	2,784,461

	2022 AED' 000	2021 AED' 000
Statement of comprehensive income		
Total revenue	**132,862**	146,752
Total operating expenses	**(80,682)**	(79,410)
Impairment release / (charges)	**200**	(40,702)
Net profit for the year	**52,380**	26,640
Other comprehensive income	**3,828**	9,211
Total comprehensive income	**56,208**	35,851
Statement of cash flows		
Net cash flows generated from operating activities	**468,117**	250,968
Net cash flows generated from investing activities	**2,900**	72,024
Net cash flows generated during the year	**471,017**	322,992

Notes to the consolidated financial statements
for the year ended 31 December 2022

17 Subsidiaries (continued)

17.4 Material non-controlling interests (continued)

17.4.2 Deyaar Development P.J.S.C

	31 December 2022 AED'000	31 December 2021 AED'000
Statement of financial position		
Investment in associates and joint ventures	**1,356,671**	1,364,570
Properties held for development and sale	**1,453,283**	1,520,597
Investment properties	**708,940**	712,058
Receivables and other assets	**1,190,806**	1,210,696
Other	**1,451,815**	1,003,084
Total assets	**6,161,515**	5,811,005
Due to banks and financial institutions	**939,223**	795,186
Payables and other liabilities	**708,642**	635,167
Total liabilities	**1,647,865**	1,430,353
Net assets	**4,513,650**	4,380,652

	2022 AED'000	2021 AED'000
Statement of comprehensive income		
Total income	**336,750**	212,492
Total expenses	**(211,462)**	(206,903)
Depositors' and sukukholders' share of profit	**(36,387)**	(37,194)
Share of profit from associates and joint ventures	**44,663**	54,341
Profit for the year	**133,564**	22,736
Other comprehensive loss	**(8,019)**	(6,421)
Total comprehensive income	**125,545**	16,315
Statement of cash flows		
Net cash flows generated from operating activities	**113,163**	113,163
Net cash flows generated from investing activities	**67,835**	67,835
Net cash flows used in financing activities	**(69,502)**	(69,502)
Net cash flows generated during the year	**111,496**	111,496

Adjustments were made to the above financial information to bring the subsidiary's accounting policies in line with those used by the Group.

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18 Customers' deposits

18.1 Analysis by category

	Note	**2022 AED'000**	2021 AED'000
Current accounts		**48,493,373**	49,073,954
Saving accounts		**37,576,669**	40,721,120
Investment deposits		**111,964,117**	115,704,708
Margin accounts		**503,829**	288,910
Depositors' investment risk reserve	*18.3*	**19,253**	18,036
Depositors' share of profit payable	*18.4*	**79,662**	38,362
Total		**198,636,903**	205,845,090

18.2 Analysis by geography

	2022 AED'000	2021 AED'000
Within the U.A.E.	**187,740,415**	175,336,502
Outside the U.A.E.	**10,896,488**	30,508,588
Total	**198,636,903**	205,845,090

18.3 Depositors' investment risk reserve

Depositors' investment risk reserve represents a portion of the depositors' share of profits set aside as a reserve. This reserve is payable to the depositors upon the approval of the Bank's Internal Sharia Supervision Committee. Zakat on depositors' investment risk reserve is included under Zakat payable and is deducted from the depositors' investment risk reserve balance.

Movement of depositors' investment risk reserve is as follows:

	Note	**2022 AED'000**	2021 AED'000
Balance at 1 January		**18,036**	13,941
Zakat for the year	*23*	**(509)**	(477)
Net transfer from depositors' share of profit during the year	*18.4*	**1,726**	4,572
Balance at 31 December		**19,253**	18,036

18.4 Depositors' share of profit payable

		2022 AED'000	2021 AED'000
Balance at 1 January		**38,362**	54,290
Depositors' share of profit for the year	*37*	**696,463**	375,055
Net transfer to depositors' investment risk reserve	*18.3*	**(1,726)**	(4,572)
Less: amount paid during the year		**(653,437)**	(386,411)
Balance at 31 December		**79,662**	38,362

Notes to the consolidated financial statements
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19 Due to banks and financial institutions

19.1 Analysis by category

	2022 AED'000	2021 AED'000
Current accounts with banks	**97,894**	161,574
Investment deposits	**12,711,586**	2,422,169
Total	**12,809,480**	2,583,743

Investment deposits include deposits of AED 7.2 billion (2021: AED 1.0 billion) under collateralized commodity Murabaha arrangement from banks and financial institutions.

19.2 Analysis by geography

	2022 AED'000	2021 AED'000
Within the U.A.E.	**10,044,952**	350,418
Outside the U.A.E.	**2,764,528**	2,233,325
Total	**12,809,480**	2,583,743

20 Sukuk issued

20.1 Analysis by issuance

The analysis of the Sukuk instruments issued by the Group is as follows:

	Expected annual profit rate	**Maturity**	**2022 AED'000**	2021 AED'000
Listed sukuk - Irish Stock Exchange / Nasdaq Dubai				
Sukuk issued by the Bank	3.66%	February 2022	**-**	3,673,000
Sukuk issued by the Bank	3.63%	February 2023	**3,672,702**	3,669,652
Sukuk issued by the Bank	2.95%	February 2025	**2,751,970**	2,750,670
Sukuk issued by the Bank	2.95%	January 2026	**4,778,340**	4,779,495
Sukuk issued by the Bank	1.96%	June 2026	**3,673,000**	3,673,000
Sukuk issued by the Bank	2.74%	February 2027	**2,754,750**	-
Sukuk issued by the Bank	5.49%	November 2027	**2,754,750**	-
Sukuk issued by a subsidiary	4.47%	April 2023	**1,836,500**	1,865,500
Private placement				
Sukuk issued by a subsidiary	6M Kibor + 50 bps	June 2027	**66,098**	86,153
Sukuk issued by a subsidiary	3M Kibor + 175 bps	December 2023	**51,586**	65,264
Total			**22,339,696**	20,562,734

20.2 Sukuk issued by the Bank

The terms of the Programme include transfer of certain identified assets (the "Co-Owned Assets") including original leased and Musharaka assets, Sharia compliant authorised investments and any replaced assets of the Bank to DIB Sukuk Limited, Cayman Islands (the "Issuer"). These assets are under the control of the Bank and shall continue to be serviced by the Bank.

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20 Sukuk issued (continued)

20.2 Sukuk issued by the Bank (continued)

The Issuer will pay the semi-annually distribution amount from returns received in respect of the Co-Owned Assets. Such proceeds are expected to be sufficient to cover the semi-annually distribution amount payable to the sukuk holders on the semi-annually distribution dates. Upon maturity of the sukuk, the Bank has undertaken to buy these assets at the exercise price from the Issuer.

These sukuk are expected to pay profit to the investors semi-annually based on relevant margin at the time of issuance.

20.3 Sukuk issued by a subsidiary

In June 2017, a subsidiary issued Sharia'a Compliant Trust Certificates of PKR 4,000 million (AED 95.3 million) at an expected profit rate equal to 6M Kibor plus 50 bps per annum. Realised profit on these certificates is payable semi-annually in arrears. The certificates are privately placed among the local banks and financial institution.

In December 2018, a subsidiary issued Sharia'a Compliant Trust Certificates of PKR 3,300 million (AED 72.4 million) at an expected profit rate equal to 3M Kibor plus 175 bps per annum. Realised profit on these certificates is payable monthly in arrears. The certificates are privately placed among the local banks and financial institutions.

21 Payables and other liabilities

21.1 Analysis by category

	Note	**2022** **AED'000**	2021 AED'000
Sundry deposits and amanat		**1,280,958**	1,160,493
Acceptances payable		**869,739**	768,617
Depositors' and sukuk holders' share of profit payable	*21.2*	**1,198,309**	789,167
Provision for employees' end-of-service benefits	*21.3*	**270,062**	263,594
Fair value of Islamic derivative liabilities	*45.1*	**1,578,082**	1,422,042
Provision for taxation	*22.1*	**19,076**	2,332
Lease liability		**170,233**	213,022
Others		**4,661,688**	3,631,495
Total		**10,048,147**	8,250,762

21.2 Depositors' and sukuk holders share of profit payable

		2022 **AED'000**	2021 AED'000
Balance at 1 January		**789,167**	856,325
Wakala and other investment deposits from banks and customers	*37*	**2,329,722**	1,370,850
Sukukholders' accrued/realised profit on sukuk issued	*37*	**608,091**	627,520
Paid during the year		**(2,528,671)**	(2,065,528)
Balance at 31 December		**1,198,309**	789,167

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21 Payables and other liabilities (continued)

21.3 Provision for employees' end-of-service benefits

	Note	2022 AED'000	2021 AED'000
Balance at 1 January		**263,594**	246,839
Charged during the year	*38*	**33,247**	33,441
Paid during the year		**(26,779)**	(16,686)
Balance at 31 December		**270,062**	263,594

22 Taxation

22.1 Provision for taxation

		2022 AED'000	2021 AED'000
Balance at 1 January		**2,332**	105
Charged during the year	*22.3*	**95,179**	46,755
Paid during the year		**(76,233)**	(44,783)
Foreign exchange effect		**(2,202)**	255
Balance at 31 December		**19,076**	2,332

22.2 Deferred tax liability / (asset)

		2022 AED'000	2021 AED'000
Balance at 1 January		**(49,980)**	(40,443)
Charged during the year	*22.3*	**(15,951)**	(8,653)
Foreign exchange effect		**8,060**	(884)
Balance at 31 December		**(57,871)**	(49,980)

22.3 Income tax expense

		2022 AED'000	2021 AED'000
Current taxation	*22.1*	**95,179**	46,755
Deferred taxation	*22.2*	**(15,951)**	(8,653)
Total		**79,228**	38,102

Effective tax rate reconciliation is not material in relation to the consolidated financial statements as tax charge relates to overseas subsidiaries only.

Notes to the consolidated financial statements
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23 Zakat payable

	Note	2022 AED'000	2021 AED'000
Zakat charged to equity attributable to shareholders of the Bank		**428,820**	374,138
Zakat accounted and paid by investees		**(32)**	-
Shareholders' Zakat for the year payable by the Bank		**428,788**	374,138
Zakat adjustment related to previous years		**(375)**	(13,897)
Net Zakat payable by the Bank on shareholders' behalf		**428,413**	360,241
Zakat on depositors' investment risk reserve	*18.3*	**509**	477
Zakat adjusted / paid for previous years		**375**	13,897
Total Zakat payable		**429,297**	374,615

24 Share capital

As at 31 December 2022, 7,240,744,377 authorised ordinary shares of AED 1 each (2021: 7,240,744,377 ordinary shares of AED 1 each) were fully issued and paid up.

25 Tier 1 sukuk

SPV ("the Issuer")	Date of issuance	Discretionary profit rate	Callable period	Issuance amount Equivalent AED '000	
				31 December 2022	31 December 2021
DIB Tier 1 Sukuk (3) Limited	January 2019	6.25% per annum paid semi-annually	On or after January 2025	**2,754,750**	2,754,750
DIB Tier 1 Sukuk (4) Limited	November 2020	4.63% per annum paid semi-annually	On or after May 2026	**3,673,000**	3,673,000
DIB Tier 1 Sukuk (5) Limited	April 2021	3.38% per annum paid semi-annually	On or after October 2026	**1,836,500**	1,836,500
				8,264,250	8,264,250

Tier 1 sukuk is a perpetual security in respect of which there is no fixed redemption date and constitutes direct, unsecured, subordinated obligations (senior only to share capital) of the Bank subject to the terms and conditions of the Mudaraba Agreement. The Tier 1 sukuk are listed on the Irish Stock Exchange and Dubai Financial Market / Nasdaq Dubai callable by the Bank after the "First Call Date" or any profit payment date thereafter subject to certain redemption conditions.

The net proceeds of Tier 1 sukuk are invested by way of Mudaraba with the Bank (as Mudareb) on an unrestricted co-mingling basis, by the Bank in its general business activities carried out through the Mudaraba Common pool.

At the Issuer's sole discretion, it may elect not to make any Mudaraba profit distributions expected and the event is not considered an event of default. In such event, the Mudaraba profit will not be accumulated but forfeited to the issuer. If the Issuer makes a non-payment election or a non-payment event occurs, then the Bank will not (a) declare or pay any distribution or dividend or make any other payment on, and will procure that no distribution or dividend or other payment is made on ordinary shares issued by the Bank, or (b) directly or indirectly redeem, purchase, cancel, reduce or otherwise acquire ordinary shares issued by the Bank.

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26 Other reserves and treasury shares

26.1 Movements in other reserves and treasury shares

Movement of the other reserves and treasury shares during the years ended 31 December 2022 and 2021 is as follows:

	Statutory reserve AED'000	General reserve AED'000	Regulatory credit risk reserve AED'000	Treasury shares AED'000	Total AED'000
2022					
Balance at 1 January 2022	**11,465,984**	**2,350,000**	**300,000**	**(31,316)**	**14,084,668**
Transfer from retained earnings	**-**	**-**	**570,000**	**-**	**570,000**
Balance at 31 December 2022	**11,465,984**	**2,350,000**	**870,000**	**(31,316)**	**14,654,668**
2021					
Balance at 1 January 2021	11,465,984	2,350,000	-	(31,316)	13,784,668
Transfer to retained earnings	-	-	300,000	-	300,000
Balance at 31 December 2021	11,465,984	2,350,000	300,000	(31,316)	14,084,668

26.2 Statutory reserve

Article 239 of the U.A.E. Federal Law No. (2) of 2015 and the Articles of Association of the Bank, require that 10% of the profit attributable to the shareholders is transferred to a non-distributable statutory reserve until this reserve equals 50% of the paid up share capital. This reserve is not available for distribution other than in circumstances stipulated by law.

26.3 Regulatory credit risk reserve

Regulatory credit risk reserve is a non-distributable reserve held for regulatory general provision requirement.

In accordance with Guidance Note to Banks for the Implementation of IFRS 9, issued by Central Bank of UAE (CBUAE), in case where provision for impairment required under CBUAE guidance exceed provisions for impairment raised in IFRS 9, the excess amount is required to be transferred to a non-distributable regulatory credit risk reserve.

	2022 AED'000	2021 AED'000
Regulatory general provision required	**3,686,461**	3,130,945
Aggregate expected credit loss for stage 1 and 2	**2,359,392**	2,158,664
Acquisition fair value adjustment and Stage 1 and 2 ECL of acquired entity	**466,683**	674,120
Regulatory credit risk reserve	**870,000**	300,000
Regulatory general provision available	**3,696,075**	3,132,784

26.4 General reserve

Transfer to general reserve is made based on the discretion of the Board of Directors and is subject to the approval of the Shareholders at the annual general meeting.

26.5 Treasury shares

The Group holds 13,633,477 treasury shares (2021: 13,633,477 shares) amounting to AED 31.3 million (2021: AED 31.3 million).

Notes to the consolidated financial statements
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27 Investments fair value reserve

	2022 AED'000	2021 AED'000
Balance at 1 January	**(972,955)**	(1,102,451)
Fair value loss on other investments at FVTOCI, net	**(124,519)**	129,496
Transfer to retained earnings on disposal of investments carried at FVTOCI	**34,547**	-
Balance at 31 December	**(1,062,927)**	(972,955)

28 Exchange translation reserve

Exchange translation reserve relating to the translation of the results and net assets of the Bank's foreign operations from their functional currencies to the Bank's presentation currency (i.e. AED) are recognised directly in other comprehensive income and accumulated in the exchange translation reserve.

29 Dividends paid and proposed

The Board of Directors has proposed a cash dividend of AED 0.30 per share at their meeting held on 24 January 2023.

For the year ended 31 December 2021, the shareholders approved a cash dividend of AED 0.25 per share (AED 1,806.8 million) at the Annual General Meeting held on 01 March 2022.

30 Contingent liabilities and commitments

Financing-related financial instruments include commitments to extend Islamic financing, standby letters of credit and guarantees which are designed to meet the requirements of the Group customers.

Commitments to extend Islamic financing represent contractual commitments to provide Islamic financing. Commitments generally have fixed expiration dates, or other termination clauses and normally require the payment of a fee. Since commitments may expire without being utilised, the total contract amounts do not necessarily represent future cash requirements. Standby letters of credit and guarantees commit the Group to make payments on behalf of customers contingent upon the failure of the customer to perform under the terms of the contract.

Analysis of contingent liabilities and commitments as at 31 December 2022 and 2021 is as follows:

	2022 AED'000	2021 AED'000
Contingent liabilities and commitments:		
Letters of guarantee	**10,604,229**	10,313,753
Letters of credit	**1,605,282**	1,619,513
Undrawn facilities commitments	**12,140,387**	15,372,525
Total contingent liabilities and commitments	**24,349,898**	27,305,791
Other commitments:		
Capital expenditure commitments	**1,047,176**	1,370,121
Total other commitments	**1,047,176**	1,370,121
Total contingent liabilities and commitments	**25,397,074**	28,675,912

Notes to the consolidated financial statements
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31 Income from Islamic financing and investing transactions

	2022 AED'000	2021 AED'000
Income from Islamic financing and investing assets	**9,475,998**	7,428,983
Income from investments in Sukuk	**2,049,322**	1,532,523
Income from international Murabaha with the Central Bank	**161,109**	30,573
Income from investment and Wakala deposits with financial institutions	**21,424**	13,852
Income from international Murabaha with financial institutions	**30,973**	6,777
Total	**11,738,826**	9,012,708

Income from financing and investing assets is presented net of forfeited income of AED 3.3 million (2021: AED 1.0 million). During the year ended 31 December 2022, the Group has disbursed from the charity fund of the Bank AED 13.3 million (2021: AED 7.8 million) for various social contribution purposes.

32 Commissions, fees and foreign exchange income

	2022 AED'000	2021 AED'000
Commission and fees	**1,069,701**	1,111,962
Foreign exchange income	**347,861**	360,421
Other commissions and fees	**183,317**	182,422
Total	**1,600,879**	1,654,805

33 Income from other investments measured at fair value, net

	2022 AED'000	2021 AED'000
Dividend income from investments measured at FVTOCI	**56,064**	20,602
Total	**56,064**	20,602

34 Income from properties held for development and sale, net

	Note	**2022 AED'000**	2021 AED'000
Sales proceeds		**553,312**	314,018
Less: cost of sale	*13.1*	**(415,469)**	(231,567)
Total		**137,843**	82,451

35 Income from investment properties

Income from investment properties represents the net rental income amounting to AED 116.9 million (2021: AED 96.3 million) recognised by the Group from its investment properties and a gain of AED 113.3 million (2021: AED 128.3 million) on disposal of certain investment properties.

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36 Other income

	Note	**2022 AED'000**	2021 AED'000
Realised gain on disposal of investments in Sukuk		**9,158**	415,525
Services income, net		**92,297**	86,873
Net (loss) / gain on disposal of property and equipment		**(2,454)**	13,319
Others		**110,335**	168,138
Total		**209,336**	683,855

37 Depositors' and sukuk holders' share of profit

		2022 AED'000	2021 AED'000
Mudaraba investment and savings deposits from customers	*18.4*	**696,463**	375,055
Wakala and other investment deposits of banks and customers	*21.2*	**2,329,722**	1,370,850
Sukukholders' accrued/realised profit on sukuk issued	*21.2*	**608,091**	627,520
Total		**3,634,276**	2,373,425

38 Personnel expenses

		2022 AED'000	2021 AED'000
Salaries, wages and other benefits		**1,549,864**	1,477,933
Staff terminal benefits	*21.3*	**33,247**	33,441
Total		**1,583,111**	1,511,374

39 General and administrative expenses

	2022 AED'000	2021 AED'000
Premises and equipment maintenance costs	**194,816**	152,533
Administrative expenses	**196,537**	179,874
Rental charges under operating leases	**95,767**	99,258
Other operating expenses	**479,380**	406,900
Total	**966,500**	838,565

Notes to the consolidated financial statements
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40 Impairment charges, net

		2022 AED'000	2021 AED'000
Financial assets			
Provision for Islamic financing and investing assets charged	*9.3*	**1,326,908**	1,971,260
Net provision charge for other assets		**775,970**	422,750
Impairment charges for financial assets, net		**2,102,878**	2,394,010
Non-financial assets			
Impairment charge for investment properties and properties held for sale		**-**	54,162
Impairment charge for non-financial assets		**-**	54,162
Total impairment charges, net		**2,102,878**	2,448,172

41 Basic and diluted earnings per share

Basic and diluted earnings per share are calculated by dividing the profit for the year attributable to owners of the Bank, net of directors' remuneration and profit attributable to Tier 1 sukukholders by the weighted average number of shares outstanding during the year as follows:

	2022 AED'000	2021 AED'000
Profit for the year attributable to owners of the Bank	**5,474,400**	4,390,996
Profit attributable to Tier 1 sukukholders	**(404,030)**	(554,393)
Board of Directors' remuneration	**(21,000)**	(24,500)
	5,049,370	3,812,103
Weighted average number of shares outstanding during the year ('000)	**7,227,111**	7,227,111
Basic and diluted earnings per share (AED per share)	**0.70**	0.53

As of the reporting date, the diluted earnings per share is equal to the basic earnings per share as the Bank has not issued any financial instruments that should be taken into consideration when the diluted earnings per share is calculated.

42 Cash and cash equivalents

	Note	2022 AED'000	2021 AED'000
Cash and balances with the central banks	*7.1*	**26,489,144**	28,079,740
Due from banks and financial institutions	*8.1*	**4,606,943**	3,303,412
Due to banks and financial institutions	*19.1*	**(12,809,480)**	(2,583,743)
		18,286,607	28,799,409
Less: balances and deposits with banks and financial institutions with original maturity over three months		**-**	(146,900)
Add: Due to banks and financial institutions over three months		**8,727,842**	1,621,037
Balance at 31 December		**27,014,449**	30,273,546

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43 Related party transactions

43.1 Identification of related parties

Parties are considered to be related if one party has the ability to control or influence the other party in making financial or operating decisions.

The Bank enters into transactions with shareholders, associates, directors, key management personnel and their related concerns in the ordinary course of business at terms agreed between both parties on arm's length basis.

Balances and transactions between the Bank and its subsidiaries, which are related parties of the Bank, have been eliminated on consolidation and are not disclosed in this note.

43.2 Major shareholders

As at 31 December 2022, the major shareholder of the Bank is Investment Corporation of Dubai ("ICD"), a company in which the Government of Dubai is the majority shareholder.

43.3 Significant balances and transactions

Proportion of various assets and liabilities with Investment Corporation of Dubai ("ICD") related entities, other than those that have been individually disclosed below are as follows. These entities are independently run commercial entities, and all financial transactions with the Bank are on arm's length basis.

	2022	2021
	%	%
Islamic financing and investing assets	**5.0**	7.0
Customer deposits	**8.2**	8.7

43.4 Compensation of key management personnel

	2022	2021
	AED'000	AED'000
Salaries and other benefits	**80,235**	78,575
Employee terminal benefits	**1,041**	1,042
	=========	=========

43.5 Related parties balances

Significant balances of related parties included in the consolidated financial statement are as follows:

	Major shareholders AED'000	**Directors and key management personnel AED'000**	**Associates and joint ventures AED'000**	**Total AED'000**
2022				
Islamic financing and investing assets	**1,099,128**	**200,931**	**3,469**	**1,303,528**
Investment in sukuk	**649,047**	**-**	**-**	**649,047**
Customers' deposits	**1,040,672**	**359,241**	**8,833**	**1,408,746**
Contingent liabilities and commitments	**-**	**98,426**	**541**	**98,967**
Income from Islamic financing and investing	**41,538**	**6,481**	**174**	**48,193**
Income from investment in sukuk	**16,664**	**-**	**-**	**16,664**
Depositors' share of profits	**36,131**	**3,369**	**-**	**39,500**

Notes to the consolidated financial statements
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43 Related party transactions (continued)

43.5 Related parties balances (continued)

	Major shareholders AED'000	Directors and key management personnel AED'000	Associates and joint ventures AED'000	Total AED'000
2021				
Islamic financing and investing assets	1,576,425	101,299	774	1,678,498
Investment in sukuk	157,225	-	-	157,225
Customers' deposits	2,313,848	188,327	8,386	2,510,561
Contingent liabilities and commitments	-	46,278	1,186	47,464
Income from Islamic financing and investing assets	34,333	3,736	69	38,138
Income from investment in sukuk	6,836	-	-	6,836
Depositors' share of profits	22,779	1,281	-	24,060

No impairment allowances have been recognised against Islamic financing and investing assets extended to related parties or contingent liabilities and commitments issued in favour of related parties during the years ended 31 December 2022 and 2021.

44 Segmental information

44.1 Reportable segments

Reportable segments are identified on the basis of internal reports about the components of the Group that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group's reportable segments are organised into five major segments as follows:

- Consumer banking:	Principally handling individual customers' deposits, providing consumer murabaha, salam, home finance, ijarah, credit cards and funds transfer facilities, priority banking and wealth management.
- Corporate banking:	Principally handling financing, other credit facilities, deposits, current accounts, cash management and risk management products for corporate and institutional customers.
- Treasury:	Principally responsible for managing the Bank's overall liquidity and market risk and provides treasury services to customers. Treasury also runs its own Sukuk and specialised financial instruments book to manage the above risks.
- Real estate development:	Property development and other real estate investments by a subsidiary.
- Others:	Functions other than above core lines of businesses including investment banking services.

The accounting policies of the above reportable segments are the same as the Group's accounting policies. There has been no change in the reportable segments as a result of acquisition of Noor Bank.

Notes to the consolidated financial statements for the year ended 31 December 2022

44 Segmental information (continued)

44.2 Segment profitability

The following table presents profit or loss and certain asset and liability information regarding the Group's business segments for the year ended 31 December:

	Consumer banking		Corporate banking		Treasury		Real estate development		Others		Total	
	2022 AED'000	2021 AED'000	**2022 AED'000**	2021 AED'000	**2022 AED'000**	2021 AED'000	**2022 AED'000**	2021 AED'000	**2022 AED'000**	2021 AED'000	**2022 AED'000**	2021 AED'000
Net operating revenue	**4,146,317**	3,638,261	**3,700,805**	3,085,157	**1,242,797**	1,640,745	**345,027**	229,639	**1,032,172**	827,777	**10,467,118**	9,421,579
Operating expense	**(1,199,107)**	(1,119,500)	**(507,585)**	(428,937)	**(82,847)**	(90,306)	**(211,108)**	(192,980)	**(732,519)**	(697,554)	**(2,733,166)**	(2,529,277)
Net operating revenue	**2,947,210**	2,518,761	**3,193,220**	2,656,220	**1,159,950**	1,550,439	**133,919**	36,659	**299,653**	130,223	**7,733,952**	6,892,302
Impairment charge, net											**(2,102,878)**	(2,448,172)
Profit before income tax											**5,631,074**	4,444,130
Income tax expense											**(79,228)**	(38,102)
Profit for the year											**5,551,846**	4,406,028

44.3 Segment financial position

Following table presents assets and liabilities regarding the Group's business segments:

	Consumer banking		Corporate banking		Treasury		Real estate Development		Others		Total	
	2022 AED'000	2021 AED'000	**2022 AED'000**	2021 AED'000	**2022 AED'000**	2021 AED'000	**2022 AED'000**	2021 AED'000	**2022 AED'000**	2021 AED'000	**2022 AED'000**	2021 AED'000
Segment assets	**52,149,592**	49,123,903	**132,350,562**	135,572,369	**55,341,861**	45,305,003	**5,746,709**	5,566,996	**42,649,767**	43,513,299	**288,238,491**	279,081,570
Segment liabilities	**78,668,960**	79,063,497	**123,694,601**	128,397,302	**3,232,757**	2,284,007	**840,185**	632,191	**37,827,020**	27,239,947	**244,263,523**	237,616,944

Notes to the consolidated financial statements
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44 Segmental information (continued)

44.4 Geographical information

Although the management of the Group is based primarily on business segments, the Group operates in two geographic markets: inside the U.A.E. which is designated as domestic and outside the U.A.E. which is designated as international.

The following table show the distribution of the Group's external gross income allocated based on the location of the operating centres for the years ended 31 December 2022 and 2021:

	Gross income from external customers	
	2022 AED'000	2021 AED'000
Within the U.A.E.	**13,104,535**	11,097,666
Outside the U.A.E.	**996,859**	697,338
Total	**14,101,394**	11,795,004

Gross income from external customers geographical analysis is based on the Group's operating centres and subsidiaries and associates locations.

Revenue from major products and services are disclosed in notes 31 to 36 to the consolidated financial statements.

45 Islamic derivative financial instruments

45.1 Fair values of Islamic derivative financial instruments

The table below shows the positive and negative fair values of Islamic derivative financial instruments, which are equivalent to the market values, together with the notional amounts analysed by the term to maturity. The notional amount is the amount of an Islamic derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of Islamic derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year end and are neither indicative of the market risk nor credit risk.

				Notional amounts by term to maturity				
	Positive fair value AED'000	**Negative fair value AED'000**	**Notional amount total AED'000**	**Within 3 months AED'000**	**Over 3 months to 1 year AED'000**	**Over 1 year to 3 years AED'000**	**Over 3 to 5 years AED'000**	**Over 5 years AED'000**
2022								
Islamic Derivatives held for trading:								
Unilateral promise to buy/sell currencies	**206,519**	**58,365**	**17,929,649**	**12,303,963**	**5,625,686**	**-**	**-**	**-**
Islamic profit rate swaps	**1,624,066**	**1,519,458**	**66,154,807**	**814,019**	**6,886,687**	**7,494,867**	**20,236,876**	**30,722,358**
Islamic currency (Call/Put) options	**259**	**259**	**3,673**	**3,673**	**-**	**-**	**-**	**-**
Total	**1,830,844**	**1,578,082**	**84,088,129**	**13,121,655**	**12,512,373**	**7,494,867**	**20,236,876**	**30,722,358**
2021								
Islamic Derivatives held for trading:								
Unilateral promise to buy/sell currencies	687,748	741,297	23,610,544	15,458,291	8,152,253	-	-	-
Islamic profit rate swaps	809,247	679,576	69,675,153	384,453	1,760,994	11,673,295	14,426,705	41,429,706
Islamic currency (Call/Put) options	1,169	1,169	229,563	110,190	119,373	-	-	-
Total	1,498,164	1,422,042	93,515,260	15,952,934	10,032,620	11,673,295	14,426,705	41,429,706

Notes to the consolidated financial statements
for the year ended 31 December 2022

45 Islamic derivative financial instruments (continued)

45.2 Types of Islamic derivatives

45.2.1 Unilateral Promise to buy/sell currencies

Unilateral promises to buy/sell currencies are promises to either buy or sell a specified currency at a specific price and date in the future. The actual transactions are executed on the value dates, by exchanging the purchase/sale offers and acceptances between the relevant parties and delivering (exchanging) the relevant currencies on spot basis.

45.2.2 Islamic Swaps

Islamic Swaps are based on a Waa'd (promise) structure between two parties to buy a specified Shari'a compliant commodity at an agreed price on the relevant date in future. It is a conditional promise to purchase a commodity through a unilateral purchase undertaking. Islamic swap structure comprises profit rate swap and currency swap. For Islamic profit rate swaps, counterparties generally exchange fixed and floating rate profit payments by executing the purchase/sale of commodity under "Murabaha Sale Agreement" in a single currency. For Islamic currency swaps, fixed or floating profit payments as well as cost of underlying commodity are exchanged in different currencies, by executing the purchase/sale of commodity under "Murabaha Sale Agreement".

Notes to the consolidated financial statements
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46 Financial assets and liabilities

46.1 Financial instruments classification

The table below sets out the Group classification of each class of financial assets and liabilities and their carrying amounts as at 31 December 2022 and 2021:

2022	Fair value through OCI AED'000	Fair value through profit or loss AED'000	Amortised cost AED'000	Carrying amount AED'000
Financial assets				
Cash and balances with central banks	-	-	**26,489,144**	**26,489,144**
Due from banks and financial institutions	-	-	**4,606,943**	**4,606,943**
Islamic financing and investing assets, net	-	-	**186,042,557**	**186,042,557**
Investment in sukuk	**429,305**	-	**51,799,057**	**52,228,362**
Other investments measured at fair value	**1,024,759**	-	-	**1,024,759**
Receivables and other assets	-	**1,830,844**	**5,245,892**	**7,076,736**
	1,454,064	**1,830,844**	**274,183,593**	**277,468,501**
Financial liabilities				
Customers' deposits	-	-	**198,636,903**	**198,636,903**
Due to banks and financial institutions	-	-	**12,809,480**	**12,809,480**
Sukuk issued	-	-	**22,339,696**	**22,339,696**
Payables and other liabilities	-	**1,578,082**	**8,744,220**	**10,322,302**
	-	**1,578,082**	**242,530,299**	**244,108,381**
2021				
Financial assets				
Cash and balances with central banks	-	-	28,079,740	28,079,740
Due from banks and financial institutions	-	-	3,303,412	3,303,412
Islamic financing and investing assets, net	-	-	186,690,551	186,690,551
Investment in sukuk	507,052	-	41,287,305	41,794,357
Other investments measured at fair value	1,229,469	-	-	1,229,469
Receivables and other assets	-	1,498,164	5,464,310	6,962,474
	1,736,521	1,498,164	264,825,318	268,060,003
Financial liabilities				
Customers' deposits	-	-	205,845,090	205,845,090
Due to banks and financial institutions	-	-	2,583,743	2,583,743
Sukuk issued	-	-	20,562,734	20,562,734
Payables and other liabilities	-	1,422,042	7,030,242	8,452,284
	-	1,422,042	236,021,809	237,443,851

Notes to the consolidated financial statements
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46 Financial assets and liabilities (continued)

46.2 Fair value of financial instruments

This note provides information about how the Group determines the fair value of various financial assets and financial liabilities.

46.2.1 Fair value of the Group's financial assets and financial liabilities

All of the Group's financial assets and financial liabilities, which are reported at their fair value in these consolidated financial statements, are measured at fair value at end of each reporting period. The fair value of financial assets and financial liabilities are determined as follows:

- Fair value of all quoted other investments measured at fair value through profit or loss and at fair value through other comprehensive income (note 11) are based on quoted price in an active market (unadjusted);
- Fair value of all unquoted other investments measured at fair value through other comprehensive income are mainly based on unobservable inputs like net asset valuation method and market based valuation techniques which include comparable proxy inputs and recent market transactions. The Group has determined that the reported net asset value represents the fair value at end of the reporting period; and
- Fair value of all Islamic derivatives financial instruments (Sharia compliant profit rate swap and unilateral promise to buy/sell currencies) is based on present value calculation of the estimated future cash flows. Future cash flows are estimated, based on forward (promise) profit rates and/or exchange rates (from observable yield curves and/or forward exchange rates at the end of each reporting period) and contract (based on promise) profit and/or forward (promise) rates, estimated at a rate that reflects the credit risk of various counterparties.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumption are required to reflect differences between the instruments.

The table below summarises the Group's financial instruments' fair value according to fair value hierarchy:

2022	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Investments measured at fair value through other comprehensive income				
Quoted instruments	642,660	-	-	642,660
Unquoted instruments	-	-	811,404	811,404
Other assets				
Islamic derivative assets	-	1,830,844	-	1,830,844
Financial assets measured at fair value	642,660	1,830,844	811,404	3,284,908
Other liabilities				
Islamic derivative liabilities	-	1,578,082	-	1,578,082

Notes to the consolidated financial statements
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46 Financial assets and liabilities (continued)

46.2 Fair value of financial instruments (continued)

46.2.1 Fair value of the Group's financial assets and financial liabilities (continued)

2021	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Investments measured at fair value through other comprehensive income				
Quoted instruments	767,969	-	-	767,969
Unquoted instruments	-	-	968,552	968,552
Other assets				
Islamic derivative assets	-	1,498,164	-	1,498,164
Financial assets measured at fair value	767,969	1,498,164	968,552	3,234,685
Other liabilities				
Islamic derivative liabilities	-	1,422,042	-	1,422,042

There were no transfers between Level 1, 2 and 3 during the years ended 31 December 2022 and 2021.

46.2.2 Reconciliation of Level 3 fair value measurement of financial assets measured at fair value through other comprehensive income

	2022 AED'000	2021 AED'000
Balance at 1 January	**968,552**	917,295
(Loss) / gain in other comprehensive income	**(104,099)**	65,195
Disposal during the year	**(82,264)**	-
Others	**29,215**	(13,938)
Balance at 31 December	**811,404**	968,552

Notes to the consolidated financial statements
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46 Financial assets and liabilities (continued)

46.2.3 Fair value of financial instruments measured at amortised cost

Except as detailed in the following table, management considers that the carrying amounts of financial assets and financial liabilities (other than cash which is stated at level 2) recognised in the consolidated financial statement approximate their fair values and is included in level 3.

	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
2022	**AED'000**	**AED'000**	**AED'000**	**AED'000**	**AED'000**
Financial assets:					
Investments in Sukuk	**52,228,362**	**43,392,308**	**-**	**5,986,386**	**49,378,694**
Financial liabilities:					
Sukuk issued	**22,339,696**	**21,351,204**	**-**	**117,684**	**21,468,888**
2021					
Financial assets:					
Investments in Sukuk	41,794,357	35,129,410	-	7,310,615	42,440,025
Financial liabilities:					
Sukuk issued	20,562,734	20,902,995	-	151,417	21,054,412

47 Financial risk management

47.1 Introduction

Risk is inherent in the Group's activities and is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his responsibilities.

The Group is exposed to various risks including but not limited to:
- Credit risk;
- Liquidity risk;
- Market risk;
- Operational risk;
- Reputational risk;
- Regulatory / compliance risk;
- Information security;
- Sharia compliance risk; and
- Conduct risk

47.1.1 Risk management structure

The Board of Directors, supported by the Board Risk Compliance and Governance Committee, Risk Management Committee of the management and Group Risk Management Department, is ultimately responsible for identifying, monitoring and controlling risks; additionally there are other independent bodies / functions also responsible for managing and monitoring risks.

Board of Directors

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies and policies.

Notes to the consolidated financial statements
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47 Financial risk management (continued)

47.1 Introduction (continued)

47.1.1 Risk management structure (continued)

Board Risk Compliance and Governance Committee

The Board Risk Compliance and Governance Committee has the overall responsibility for the development of the risk strategies, frameworks, policies and limits, and for recommending these strategies and policies to the Board of Directors. It is responsible for the fundamental risk issues, and manages and monitors relevant risk decisions.

Risk Management Committee

The day-to-day monitoring of risk has been delegated to Risk Management Committee of the Bank.

The Risk Management Committee has the overall responsibility to support the Board Risk Compliance and Governance Committee for the development and formulation of the risk strategies, frameworks, policies and limits. It is responsible for ensuring the compliance with all risk limits, monitoring risk exposures and implementing the regulatory guidelines issued by the regulatory bodies (e.g. The Central Bank of the U.A.E.).

Group Risk Management Department

The Group Risk Management Department is responsible for implementing and maintaining risk related procedures to ensure risk remains within the acceptable range as approved by the Board Risk Compliance and Governance Committee and the Board of Directors. The department is responsible for credit administration, portfolio management, credit risk, liquidity risk, market risk, operational risk, conduct risk and overall risk control.

Asset and Liability Management Committee

Asset and Liability Management Committee (“ALCO”) is responsible for managing the Group’s assets and liabilities. It is also primarily responsible for the funding and liquidity risks of the Group.

IFRS 9 Committee

The Committee is established to assist management in fulfilling their responsibilities with respect to the following:

- Compliance with IFRS 9 standards, related CBUAE applicable regulatory rules, and the Bank’s policies; and
- that the DIB Group prudently recognizes significant deterioration in credit quality and non-performance and carries appropriate level of expected credit loss.

The Committee’s primary responsibility comprises supervising, monitoring, application and review of all impairment models in respect of use of expected credit losses and related central bank guidelines including monitoring of staging of exposures and considering ordinary and extraordinary circumstances in determining ECL stage and ECL levels. The Committee meets regularly and reports to Risk Management Committee (RMC).

Compliance Committee

The Committee is established to assist management in fulfilling their responsibilities with respect to compliance, particularly promoting a culture of compliance within DIB, its subsidiaries and affiliates (together the Group) ensuring that the policies and approach to compliance within the Group are adequate and effective.

Sharia Compliance Unit

Moreover, there is a Sharia Compliance Unit under Internal Sharia Control Department of the Bank which constantly monitors Sharia Risk and Sharia compliance level of the Bank and submits its quarterly reports to the ISSC and the management.

Notes to the consolidated financial statements
for the year ended 31 December 2022

47 Financial risk management (continued)

47.1 Introduction (continued)

47.1.1 Risk management structure (continued)

Group Internal Audit Department

Risk management processes throughout the Group are audited periodically by the Internal Audit Department which examines both the adequacy of the procedures and the Group's compliance with the procedures. Group Internal Audit Department comments on the results of their assessments with management, and reports its findings and recommendations to the Board Audit Committee.

Group Internal Sharia Audit Department

Compliance to Sharia and the Fatawa issued by the ISSC of the Bank in all the matters of the Bank including the execution of the transactions are audited periodically by the Internal Sharia Audit Department which examines the adequacy of the procedures and the Group's Operations' compliance with the Fatawa and guidance of the ISSC. Internal Sharia Audit Department discusses their findings and assessments with the management and submits the findings along with responses of the relevant departments and its recommendations to the ISSC for its opinion and corrective measures and then submit the final report to the Board Audit Committee for execution of ISSC decision.

47.1.2 Risk measurement and reporting systems

The Group measures risks using qualitative as well as quantitative methods for credit, market, liquidity and operational risks. Further, the Group also uses quantitative analysis and methods to support revisions in business and risk strategies as and when required. These analysis and methods reflect both the expected loss likely to arise in normal course of business or unexpected losses in an unforeseen event based on simple statistical techniques and probabilities derived from historical experience. The Group also runs stress scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

Monitoring and controlling risks is primarily performed based on limits established by the Board of Directors and management. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept, with additional emphasis on selected industries.

Information compiled from all the businesses is examined and processed in order to analyse the risk profile and identify early risks. This information is presented and explained to the management, management committees, the Risk Management Committee, and Board Risk Compliance and Governance Committee. Specialized reports are presented to the pertinent heads of business and are delivered with a frequency suited to the volatility of the risk. The report includes aggregate credit exposure, limit exceptions, liquidity, operational loss incidents and other risk profile changes. On a monthly basis, detailed reporting of industry, customer and geographic risks takes place. Senior management assesses the appropriateness of the provision for impairment losses on a quarterly basis.

47.1.3 Model risk management

The Bank uses a number of quantitative models in many of its financial and business activities from underwriting a credit facility to reporting expected credit losses under IFRS 9, assessing liquidity risk, profit rate risk and many other areas.

To manage the model risks, the Bank has developed and implemented Model Risk Management Policy which contains bank wide development, implementation and validation policies and practices. According to the framework, all internally or externally developed risk quantification models that directly affect the financial reporting on expected credit losses require validation periodically (internally or externally). Model Risk Management Committee (MRMC) is responsible for overseeing all model related development, implementation of framework and performance of the models. MRMC reports to Risk Management Committee of the Bank.

The Framework establishes a systematic approach to manage the development, implementation, approval, validation and ongoing use of models. It sets out an effective governance and management structure with clearly defined roles and responsibilities, policies and controls for managing model risk. The Framework is reviewed on a regular basis to ensure it meets regulatory standards and international practices. Any major change to the Framework is approved by the Risk Management Committee upon recommendation of MRMC.

The Bank has an independent validation function that performs independent model validation. It provides Fit-for-Purpose, Conditional Approval or Not Fit-for-Purpose recommendation to MRMC to approve the use of the new risk quantification / valuation models. In addition to new model validation, the validation function also evaluates the performance of existing models through an annual validation process.

Notes to the consolidated financial statements
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47 Financial risk management (continued)

47.1 Introduction (continued)

47.1.4 Risk mitigation

As part of its overall risk management, the Group uses various methods to manage exposures resulting from changes in credit risks, liquidity risks, market risks (including profit rate risk, foreign exchange risk, and equity price risk), and operational risks.

The Group seeks to manage its credit risk exposures through diversification of financing and investing activities to avoid undue concentration of risk with individuals and groups of customers in specific locations or businesses. The Group actively uses collateral to reduce its credit risks.

In order to guard against liquidity risk, management has diversified funding sources and assets are managed with overall liquidity in consideration maintaining a healthy balance of liquid assets (i.e. cash and cash equivalents).

The market risks are managed on the basis of predetermined asset allocation across various asset categories and continuous appraisal of market conditions for movement and expectation of foreign currencies rate, bench mark profit rates and equity prices.

To manage all other risks, the Group has developed a detailed risk management framework to identify and apply resources to mitigate the risks.

47.1.5 Risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group performance to developments affecting a particular industry or geographical location.

47.2 Credit risk

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Credit risk measurement

The Group assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparties. These segments include: Corporate, Contracting, SME, FI and Real Estate. Models are developed with the external support of accredited consultants and are also subjected to external validation. Models are calibrated to the Group's internal rating scale, and are housed within the Moody's CreditLens platform.

The rating tools are kept under review and upgraded as necessary. The Group regularly validates the performance of the rating and their predictive power with regard to default events.

Collateral

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of securities for facilities provided, which is a common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for Islamic financing and investing assets are:

- Mortgages over residential and commercial properties;
- Corporate guarantees;
- Charges over business assets such as premises, machinery, vehicles and inventory; and
- Charges over financial instruments such as deposits and equity investments.

Notes to the consolidated financial statements
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47 Financial risk management (continued)

47.2 Credit risk (continued)

Islamic derivative financial instruments

Credit risk arising from Islamic derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the consolidated financial position.

Credit-related commitments risks

The Bank makes available to its customers guarantees and letters of credit which require that the Bank makes payments in the event that the customer fails to fulfil certain obligations to other parties. This exposes the Group to a similar risk to Islamic financing and investing assets and these are mitigated by the same control processes and policies.

47.2.1 Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

The table below shows the maximum exposure to credit risk by class of financial asset, including Islamic derivatives. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements.

	Gross maximum exposure 2022 AED'000	Gross maximum exposure 2021 AED'000
Balances with central banks	**24,606,341**	26,012,493
Due from banks and financial institutions	**4,609,861**	3,306,330
Islamic financing and investing assets	**194,835,411**	195,616,580
Investment in sukuk	**52,605,274**	42,023,444
Other investments measured at fair value	**1,024,759**	1,229,469
Receivables and other assets	**8,898,157**	8,103,720
	286,579,803	276,292,036
Contingent liabilities	**12,209,512**	11,933,266
Commitments	**12,140,387**	15,372,525
Total	**310,929,702**	303,597,827

47.2.2 Risk concentrations of the maximum exposure to credit risk

Concentration of risk is managed by client/counterparty, by geographical region and by industry sector. The Group's financial assets, before taking into account any collateral held or other credit enhancements can be analysed by the following geographical regions:

	2022 AED'000	2021 AED'000
The U.A.E.	**260,617,090**	259,924,048
Other Gulf Cooperation Council (GCC) countries	**19,240,664**	17,617,582
Asia	**15,940,130**	13,973,356
Europe	**11,407,264**	8,631,306
Africa	**2,931,300**	2,617,128
Others	**793,254**	834,407
Total	**310,929,702**	303,597,827

Notes to the consolidated financial statements
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47 Financial risk management (continued)

47.2 Credit risk (continued)

47.2.2 Risk concentrations of the maximum exposure to credit risk (continued)

An industry sector analysis of the Group's financial assets, before taking into account collateral held or other credit enhancements, is as follows:

	Gross Maximum Exposure 2022 AED'000	Gross Maximum Exposure 2021 AED'000
Government	**64,423,116**	47,719,428
Financial Institutions	**39,329,533**	39,658,422
Real estate	**53,794,420**	59,457,149
Contracting	**11,702,134**	12,526,932
Trade	**9,793,123**	8,791,632
Aviation	**19,081,342**	21,182,483
Services and others	**60,603,098**	63,459,455
Consumer financing	**28,765,256**	28,894,117
Consumer home finance	**23,437,680**	21,908,209
Total	**310,929,702**	303,597,827

47.2.3 Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Credit policy guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- For commercial Islamic financing and investing facilities, charges over real estate properties, inventory, leased assets and trade receivables;
- For retail Islamic financing and investing facilities, charge over assets and mortgages over properties; and
- Shares, corporate guarantees, deposits and equity investments.

The Group also obtains guarantees from parent companies for Islamic financing and investing assets granted to their subsidiaries, but the benefits are not included in the above table.

Notes to the consolidated financial statements
for the year ended 31 December 2022

47 Financial risk management (continued)

47.2 Credit risk (continued)

47.2.4 Analysis of credit quality

Credit risk exposure of the Group's financial assets for each internal risk rating

	Moody's equivalent grades	**Total 2022 AED'000**	Total 2021 AED'000
Low risk			
Risk rating class 1a to 4c	*Aaa – Baa3*	**125,093,715**	114,119,928
Moderate risk			
Risk rating class 5a to 6c	*Ba1 – B3*	**142,457,294**	144,000,580
Fair risk			
Risk rating classes 7a to 7d	*Caa1 – Ca*	**27,647,227**	28,933,545
Default			
Risk rating classes 8 to10	*C*	**15,731,466**	16,543,774
Total		**310,929,702**	303,597,827

It is the Group policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates focused management of the applicable risks and the comparison of financing exposures across all lines of business, geographic regions and products. All internal risk ratings are tailored to the various categories and are derived in accordance with the Group rating policy. The attributable risk ratings are assessed and updated regularly.

47.2.5 Analysis of financial instruments by stage

The stage wise analysis of the financial instruments is as follows:

2022	**Stage 1 AED'000**	**Stage 2 AED'000**	**Stage 3 AED'000**	**Total AED'000**
Balances with central banks	**24,606,341**	**-**	**-**	**24,606,341**
Due from banks and financial institutions	**4,609,861**	**-**	**-**	**4,609,861**
Islamic financing and investing assets	**166,251,080**	**15,598,545**	**12,985,786**	**194,835,411**
Investment in sukuk	**52,227,070**	**76,885**	**301,319**	**52,605,274**
Other investments measured at fair value	**1,024,759**	**-**	**-**	**1,024,759**
Receivables and other assets	**5,996,781**	**455,340**	**2,446,037**	**8,898,158**
	254,715,892	**16,130,770**	**15,733,142**	**286,579,804**
Contingent liabilities	**12,209,511**	**-**	**-**	**12,209,511**
Commitments	**12,140,387**	**-**	**-**	**12,140,387**
Total	**279,065,790**	**16,130,770**	**15,733,142**	**310,929,702**

2021	**Stage 1 AED'000**	**Stage 2 AED'000**	**Stage 3 AED'000**	**Total AED'000**
Balances with central banks	26,012,493	-	-	26,012,493
Due from banks and financial institutions	3,306,330	-	-	3,306,330
Islamic financing and investing assets	162,027,726	19,805,042	13,783,812	195,616,580
Investment in sukuk	41,658,739	80,738	285,820	42,023,444
Other investments measured at fair value	1,229,469	-	-	1,229,469
Receivables and other assets	5,174,239	455,340	2,474,141	8,103,720
	239,407,143	20,341,120	16,543,773	276,292,036
Contingent liabilities	11,933,266	-	-	11,933,266
Commitments	15,372,525	-	-	15,372,525
Total	266,712,934	20,341,120	16,543,773	303,597,827

Notes to the consolidated financial statements
for the year ended 31 December 2022

47 Financial risk management (continued)

47.3 Liquidity risk and funding management

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Group maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The Group also has committed lines of credit that it can access to meet liquidity needs. In addition, the Group maintains statutory deposits with the central banks. The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Group.

The high quality of the asset portfolio ensures its liquidity and coupled with the Group's own funds and stable customer deposits help form a stable funding source. Even under adverse conditions, the Group has access to the funds necessary to cover customer needs and meet its funding requirements.

The primary tool (in addition to other tools) for monitoring liquidity is the maturity mismatch analysis, which is monitored over successive time bands and across functional currencies. Guidelines are established for the cumulative negative cash flow over successive time bands.

47.3.1 Liquidity risk management process

The Group liquidity risk management process, as carried out within the Group and monitored by a separate teams in Group risk management department and Treasury department includes:

- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are financed by customers;
- Monitoring financial position liquidity ratios against internal and regulatory requirements;
- Managing the concentration and profile of Islamic financing and investing exposures maturities; and
- Monitoring critical liquidity ratios.

47.3.2 Funding approach

Sources of liquidity and funding are regularly reviewed by management to maintain a wide diversification by currency, geography, provider, product and term. The sources of funding are share capital, Tier 1 capital, Senior sukuk and customer deposits for retail and wholesale and financial liabilities.

Refer note 18 for customers' deposits, note 20 for sukuk issued and note 25 for Tier 1 issuance.

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47 Financial risk management (continued)

47.3 Liquidity risk and funding management (continued)

47.3.3 Maturity analysis of assets and liabilities

The table below summarises the maturity profile of the Group's assets and liabilities analysed according to when they are expected to be recovered or settled.

2022	Less than 3 months AED'000	3 months to 1 year AED'000	1 year to 5 years AED'000	Over 5 years AED'000	No maturity AED'000	Total AED'000
Assets:						
Cash and balances with central banks	26,489,144	-	-	-	-	26,489,144
Due from banks and financial institutions	4,606,943	-	-	-	-	4,606,943
Islamic financing and investing assets, net	25,698,437	21,582,390	84,673,162	54,088,568	-	186,042,557
Investments in Sukuk	850,404	2,593,698	25,202,370	23,581,890	-	52,228,362
Other investments measured at fair value	-	-	-	-	1,024,759	1,024,759
Investments in associates and joint ventures	-	-	-	-	1,948,841	1,948,841
Properties held for development and sale	-	-	-	-	1,488,079	1,488,079
Investment properties	-	-	-	-	5,261,871	5,261,871
Receivables and other assets	762,125	4,819,682	1,892,785	15,253	-	7,489,845
Property and equipment	-	-	-	-	1,658,090	1,658,090
Total assets	58,407,053	28,995,770	111,768,317	77,685,711	11,381,640	288,238,491
Liabilities and equity:						
Customers' deposits	66,741,341	106,803,994	24,578,343	513,225	-	198,636,903
Due to banks and financial institutions	4,694,711	4,138,584	3,901,234	74,951	-	12,809,480
Sukuk issued	3,673,762	1,887,830	16,712,944	65,160	-	22,339,696
Payables and other liabilities	5,596,052	2,670,390	1,758,163	23,542	-	10,048,147
Zakat payable	-	429,297	-	-	-	429,297
Equity	-	-	-	-	43,974,968	43,974,968
Total liabilities and equity	80,705,866	115,930,095	46,950,684	676,878	43,974,968	288,238,491

Notes to the consolidated financial statements
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47 Financial risk management (continued)

47.3 Liquidity risk and funding management (continued)

47.3.3 Maturity analysis of assets and liabilities (continued)

2021	Less than 3 months AED'000	3 months to 1 year AED'000	1 year to 5 years AED'000	Over 5 years AED'000	No maturity AED'000	Total AED'000
Assets:						
Cash and balances with central banks	28,079,740	-	-	-	-	28,079,740
Due from banks and financial institutions	3,156,512	146,900	-	-	-	3,303,412
Islamic financing and investing assets, net	17,801,664	23,713,848	91,065,527	54,109,512	-	186,690,551
Investments in Sukuk	827,313	1,694,127	19,526,338	19,746,579	-	41,794,357
Other investments measured at fair value	-	-	-	-	1,229,469	1,229,469
Investments in associates and joint ventures	-	-	-	-	1,944,838	1,944,838
Properties held for development and sale	-	-	-	-	1,571,508	1,571,508
Investment properties	-	-	-	-	5,499,123	5,499,123
Receivables and other assets	400,859	3,480,594	3,582,642	10,389	-	7,474,484
Property and equipment	-	-	-	-	1,494,088	1,494,088
Total assets	50,266,088	29,035,469	114,174,507	73,866,480	11,739,026	279,081,570
Liabilities and equity:						
Customers' deposits	73,729,919	105,725,449	26,223,506	166,216	-	205,845,090
Due to banks and financial institutions	1,849,631	500,771	233,341	-	-	2,583,743
Sukuk issued	3,699,138	-	16,780,596	83,000	-	20,562,734
Payables and other liabilities	3,646,806	2,646,526	1,944,180	13,250	-	8,250,762
Zakat payable	-	374,615	-	-	-	374,615
Equity	-	-	-	-	41,464,626	41,464,626
Total liabilities and equity	82,925,494	109,247,361	45,181,623	262,466	41,464,626	279,081,570

Notes to the consolidated financial statements
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47 Financial risk management (continued)

47.3 Liquidity risk and funding management (continued)

47.3.4 Non-derivative cash flows

The table below summarises the maturity profile of the gross cash flows of the Group financial assets and liabilities as at 31 December 2022 and 2021. The amounts disclosed in the table are the contractual gross cash flows, whereas the Group manages the inherent liquidity risk based on expected gross cash flows.

Repayments which are subject to notice are treated as if notice were to be given immediately. However, the management expects that many customers will not request repayment on the earliest date the Group could be required to pay and the table does not reflect the expected cash flows indicated by the Group's deposit retention history.

2022	Less than 3 months AED'000	3 months to 1 year AED'000	1 to 5 years AED'000	Over 5 Years AED'000	Total AED'000
Customers' deposits	**136,377,852**	**58,908,374**	**3,100,229**	**751,456**	**199,137,911**
Due to banks and other financial institutions	**4,841,175**	**4,094,563**	**4,087,115**	**-**	**13,022,853**
Sukuk issued	**3,686,497**	**1,862,501**	**18,698,694**	**141,626**	**24,389,318**
Payables and other liabilities	**5,630,651**	**2,647,206**	**1,759,888**	**10,402**	**10,048,147**
Zakat payable	**-**	**429,297**	**-**	**-**	**429,297**
Total liabilities	**150,536,175**	**67,941,941**	**27,645,926**	**903,484**	**247,027,526**
Contingent liabilities:					
Letters of guarantee	**9,564,093**	**920,540**	**117,312**	**2,284**	**10,604,229**
Letters of credit	**1,207,517**	**387,981**	**9,784**	**-**	**1,605,282**
	10,771,610	**1,308,521**	**127,096**	**2,284**	**12,209,511**
Capital expenditure commitments	**6,464**	**-**	**1,040,712**	**-**	**1,047,176**
Total contingent liabilities and commitments	**10,778,074**	**1,308,521**	**1,167,808**	**2,284**	**13,256,687**

2021	Less than 3 months AED'000	3 months to 1 year AED'000	1 to 5 years AED'000	Over 5 Years AED'000	Total AED'000
Customers' deposits	100,455,749	84,035,057	21,471,265	308,251	206,270,322
Due to banks and other financial institutions	668,550	981,083	943,152	-	2,592,785
Sukuk issued	3,715,759	-	18,192,002	141,626	22,049,387
Payables and other liabilities	3,646,805	2,646,526	1,944,180	13,251	8,250,762
Zakat payable	-	374,615	-	-	374,615
Total liabilities	108,486,863	88,037,281	42,550,599	463,128	239,537,871
Contingent liabilities:					
Letters of guarantee	8,802,032	1,126,133	385,360	228	10,313,753
Letters of credit	1,211,662	344,784	63,067	-	1,619,513
	10,013,694	1,470,917	448,427	228	11,933,266
Capital expenditure commitments	9,825	48,105	1,312,191	-	1,370,121
Total contingent liabilities and commitments	10,023,519	1,519,022	1,760,618	228	13,303,387

Assets available to meet all of the liabilities and to cover outstanding commitments include cash and balances with central banks, Islamic financing and investing assets, other investments at fair value and items in the course of collection.

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47 Financial risk management (continued)

47.4 Market risk

Market risk is the risk that the value of financial instruments in the Group's books could produce a loss because of changes in future market conditions. The Group takes on market risks in the pursuit of its strategic and business objectives. The Group predominantly pursues opportunities in the market that exposes itself to the following categories of market risk - which are actively managed and monitored:

- profit rate risk: losses in value due to changes in the level, slope and curvature of yield curves, the volatility of profit rates and changes in credit spreads; and
- foreign exchange risk: losses in value due to exposures to changes in spot prices, forward prices and volatilities of currency rates.

As part of the Group's risk management framework, an extensive governance processes is applied to the market risk taking activities. This governance framework includes, inter alia:

- approval by the Board Risk Compliance and Governance Committee of a set of risk limits with appropriate monitoring, reporting and limits excesses' escalation procedures;
- independent valuation of financial instruments in the Trading Book and measurement of market risk;
- a comprehensive set of policies, procedures and limits; and
- monitoring a wide range of risk metrics appropriate for the respective trading activities - such as risk sensitivities, gross and net open positions, Value-at-Risk (VaR) and stop-loss limits.

47.4.1 Profit margin risk

The Group is not significantly exposed to risk in terms of repricing of its customer deposits since, in accordance with Sharia'a, the Group does not provide pre-determined contractual rates of return to its depositors or investment account holders. The return payable to depositors and investment account holders is based on the principle of the Mudaraba and Wakala by which the depositors and investment account holders agree to share the profit or loss made by the Group's common Mudaraba pool and the Wakala asset pool over a given period.

47.4.2 Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect future profitability or the fair values of financial instruments. The Group is exposed to profit rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off-balance sheet instruments that mature or re-price in a given period. The Group manages this risk through risk management strategies.

The effective profit rate (effective yield) of a monetary financial instrument is the rate that, when used in a present value calculation, results in the carrying amount of the instrument. The rate is a historical rate for a fixed rate instrument carried at amortised cost and a current rate for a floating rate instrument or an instrument carried at fair value.

The following table demonstrates the sensitivity to a reasonable possible change in profit rates, with all other variables held constant, of the Group's consolidated statement of profit or loss.

The sensitivity of the consolidated statement of profit or loss is the effect of the assumed changes in profit rates on the net income for one year, based on the variable profit rate non-trading financial assets and financial liabilities held at 31 December 2022 and 2021.

Currency	**Increase in basis points**	**2022 AED'000**	2021 AED'000
Sensitivity of net profit income	**50**	**132,585**	178,690

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47 Financial risk management (continued)

47.4 Market risk (continued)

47.4.3 Foreign exchange risk

The table below summarises the Group exposure to foreign currency exchange rate risk at 31 December 2022 and 2021. Included in the table are the Group financial instruments at their carrying amounts, categorised by currency.

2022	AED AED'000	USD AED'000	Other G.C.C. AED'000	GBP AED'000	Euro AED'000	Other AED'000	Total AED'000
Financial Assets:							
Cash and balances with the central banks	25,736,193	113	-	-	-	752,838	26,489,144
Due from banks and financial institutions	471,190	3,222,669	115,040	20,728	197,050	580,266	4,606,943
Islamic financing and investing assets, net	141,120,329	39,243,614	1,129,012	15,949	7,764	4,525,889	186,042,557
Investment in sukuk	-	50,482,137	-	-	-	1,746,225	52,228,362
Other investments at fair value	284,776	671,883	43,061	-	-	25,039	1,024,759
Receivables and other assets	3,028,921	3,541,827	5,444	-	193,406	307,138	7,076,736
Total	170,641,409	97,162,243	1,292,557	36,677	398,220	7,937,395	277,468,501
Financial Liabilities:							
Customers' deposits	166,825,901	22,080,770	1,053,034	344,404	2,223,423	6,109,371	198,636,903
Due to banks and other financial institutions	4,231,582	7,961,951	-	11	22,323	593,613	12,809,480
Sukuk issued	-	22,222,012	-	-	-	117,684	22,339,696
Payables and other liabilities	2,970,061	6,768,574	93,290	8,695	58,600	423,082	10,322,302
Total	174,027,544	59,033,307	1,146,324	353,110	2,304,346	7,243,750	244,108,381
Net on balance sheet	(3,386,135)	38,128,936	146,233	(316,433)	(1,906,126)	693,645	33,360,120
Unilateral promise to buy/sell currencies	6,980,001	(9,177,134)	(141,047)	313,002	1,888,562	136,616	-
Currency position - long/(short)	3,593,866	28,951,802	5,186	(3,431)	(17,564)	830,261	33,360,120

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47 Financial risk management (continued)

47.4 Market risk (continued)

47.4.3 Foreign exchange risk (continued)

2021	AED AED'000	USD AED'000	Other G.C.C. AED'000	GBP AED'000	Euro AED'000	Other AED'000	Total AED'000
Financial Assets:							
Cash and balances with central banks	27,528,908	350	-	-	105	550,377	28,079,740
Due from banks and financial institutions	1,236,509	1,628,185	122,827	2,793	5,619	307,479	3,303,412
Islamic financing and investing assets, net	136,689,973	43,334,037	1,585,398	32,635	19,492	5,029,016	186,690,551
Investment in sukuk	-	40,032,511	-	-	-	1,761,846	41,794,357
Other investments at fair value	332,672	756,960	123,693	-	-	16,144	1,229,469
Receivables and other assets	3,659,905	2,297,646	616,089	-	118,481	270,353	6,962,474
Total	169,447,967	88,049,689	2,448,007	35,428	143,697	7,935,215	268,060,003
Financial Liabilities:							
Customers' deposits	158,986,766	16,425,220	22,347,119	323,215	2,009,228	5,753,542	205,845,090
Due to banks and other financial institutions	498,291	1,363,417	-	4,158	11,611	706,266	2,583,743
Sukuk issued	-	20,411,317	-	-	-	151,417	20,562,734
Payables and other liabilities	4,434,705	3,170,870	283,121	12,637	114,692	436,259	8,452,284
Total	163,919,762	41,370,824	22,630,240	340,010	2,135,531	7,047,484	237,443,851
Net on balance sheet	5,528,205	46,678,865	(20,182,233)	(304,582)	(1,991,834)	887,731	30,616,152
Unilateral promise to buy/sell currencies	2,080,353	(22,310,802)	18,037,359	324,356	1,847,245	21,489	-
Currency position – long / (short)	7,608,558	24,368,063	(2,144,874)	19,774	(144,589)	909,220	30,616,152

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for the year ended 31 December 2022

47 Financial risk management (continued)

47.4 Market risk (continued)

47.4.3 Foreign exchange risk (continued)

Sensitivity analysis - impact of fluctuation of various currencies on net income and equity

The tables below indicate the extent to which the Group was exposed to currency risk at 31 December 2022 and 2021 on its non-trading monetary assets and liabilities, and forecast cash flows. The analysis is performed for a reasonable possible movement of the currency rate against the AED with all other variables held constant on the consolidated statement of profit or loss (due to the changes in the fair values of currency sensitive non-trading monetary assets and liabilities) and equity (due to the change in fair value of foreign currency denominated available-for-sale equity instruments). A negative amount in the table reflects a potential net reduction in consolidated statement of profit or loss and equity, while a positive amount reflects a net potential increase. The sensitivity analysis does not take account of actions by the Group that might be taken to mitigate the effect of such changes.

Currency	**Increase in currency rate in %**	**Effect on profit or loss 2022 AED'000**	Effect on profit or loss 2021 AED'000
US Dollar	**+2**	**579,036**	487,361
GBP	**+2**	**(69)**	395
EURO	**+2**	**(351)**	(2,892)

Currency	**Decrease in currency rate in %**	**Effect on profit or loss 2022 AED'000**	Effect on profit or loss 2021 AED '000
US Dollar	**-2**	**(579,036)**	(487,361)
GBP	**-2**	**69**	(395)
EURO	**-2**	**351**	2,892

47.4.4 Foreign investment

The Group has income recorded in its overseas subsidiaries and is therefore exposed to movements in the foreign currency rates used to convert income into the Group presentation currency, the U.A.E. Dirham.

The table below indicates the change in profit before tax and equity had the result for the year ended 31 December 2022 and 2021 been translated at exchange rates against the AED adjusted, with all other variables held constant, by the assumed changes below. The sensitivity analyses do not take account of actions by the Group that might be taken to mitigate the effect of such changes.

Currency	**Increase in currency rate in %**	**Effect on profit or loss 2022 AED'000**	**Effect on equity 2022 AED'000**	Effect on profit or loss 2021 AED'000	Effect on equity 2021 AED'000
Pak Rupees	+5	**4,224**	**27,741**	3,455	30,371
Egypt Sterling	+5	**551**	**4,487**	482	6,363

Notes to the consolidated financial statements
for the year ended 31 December 2022

47 Financial risk management (continued)

47.4 Market risk (continued)

47.4.4 Foreign investment (continued)

Currency	Decrease in currency rate in %	Effect on profit or loss 2022 AED'000	Effect on equity 2022 AED'000	Effect on profit or loss 2021 AED'000	Effect on equity 2021 AED'000
Pak Rupees	**-5**	**(3,822)**	**(24,051)**	(3,126)	(26,435)
Egypt Sterling	**-5**	**(498)**	**(4,061)**	(436)	(5,757)

47.4.5 Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the Group's investment portfolio.

The effect on equity (as a result of a change in the fair value of equity instruments held as fair value through other comprehensive income (FVTOCI) at 31 December 2022 and 2021) due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

Market indices	Change in market Indices %	Effect on other comprehensive income 2022 AED'000	Effect on other comprehensive income 2021 AED'000
Dubai Financial Market	**± 5%**	**4,568**	4,248
Abu Dhabi Exchange	**± 5%**	**2,552**	2,144
Bahrain Stock Exchange	**± 5%**	**2,066**	2,556
Other	**± 5%**	**4,452**	5,242

An increase of 5% in fair value of Level 3 financial instruments due to change in unquoted market price / valuation of financial instruments as at the reporting date would have increased the net assets attributable to the Bank by AED 40.6 million (2021: AED 48.4 million).

47.5 Operational risk

Operational risk is the potential exposure to financial or other damage arising from inadequate or failed internal processes, people or systems.

The Group has developed a detailed operational risk framework. The framework clearly defines roles and responsibilities of individuals/units across different functions of the Group that are involved in performing various operational risk management tasks. Operational Risk Management Framework will ensure that operational risks within the Group are properly identified, monitored, managed and reported. Key elements of the framework include process mapping, setting up loss data base, setting up of KRIs, risk analysis and risk management reporting.

The Group is currently using operational risk tracking system, i.e. ORMS to track operational risk events across the Group. The system houses more than five years of operational loss data. The subject system is also capable to record KRI, RCSA and scenario based fraud risk self-assessment.

In addition to ORMS, the Bank is also implementing eGRC system (centralized governance framework) for all control activities.

Notes to the consolidated financial statements
for the year ended 31 December 2022

47 Financial risk management (continued)

47.5 Operational risk (continued)

Each new product introduced is subject to a risk review and signoff process where all relevant risks are identified and assessed by departments independent of the risk-taking unit proposing the product. Variations of existing products are also subject to a similar process. Business and support units are responsible for managing operations risk in their respective functional areas. They operate within the Group's operational risk management framework and ensure that risk is being managed within their respective business units. The day-to-day management of operations risk is through the maintenance of a comprehensive system of internal controls, supported by robust systems and procedure to monitor transaction positions and documentation, as well as maintenance of key backup procedures and business contingency planning.

47.6 Reputational risk

Reputational risk is the risk of potential loss of earnings and future revenue, loss in market value or lack of liquidity supply due to deterioration of reputation including the reputation with regard to the level of Shari'a compliance. It also includes the threat to the brand value of a financial institution. Reputational risk can arise as a consequence of failures with a strong negative perception amongst clients, shareholders, creditors or the public. The Group has measures to ensure a positive perception of the Group and that overall risk management ensures appropriate management of reputational risk.

47.7 Regulatory / compliance risk

Regulatory/Compliance risk is the risk of reputational and/or financial losses due to the failure to comply with applicable laws, regulations or sanctions. The Group has an independent Compliance function, with the necessary mandate and authority to enforce and monitor compliance on a Group wide basis. This includes compliance with the applicable laws and regulations across the various jurisdictions where the Group operates as well as those of the USD / EU clearing centres.

Compliance policies covering key areas such as Sanctions, Anti Money Laundering (AML), Counter Terrorist Financing (CTF), Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS) are applicable Group wide and are supplemented where necessary to address any unique local requirements. These policies are supported by automated screening and monitoring systems and associated investigation teams to help comply with the Sanctions, AML, CTF, FATCA and CRS requirements. Independent Compliance Monitoring is undertaken to provide assurance over the effectiveness of controls. Mandatory Compliance Training is provided to all relevant staff both at onboarding and periodically thereafter to help ensure that key requirements are complied with.

47.8 Shariah Non-Compliance Risk

In compliance with the Sharia Governance Standard for Islamic Financial Institutions issued by the Higher Sharia Authority of the Central Bank of UAE ("HSA") on 21 April 2020 (the "Standard"), the Bank's Board of Directors ("Board") is ultimately responsible for the Bank's compliance with Sharia principles. The ISSC is the highest authority in the Bank from a Sharia governance perspective.

The Board is expected to be aware of Sharia non-compliance risk and its potential impact on the Bank. The Board Risk, Compliance and Governance Committee ("BRCGC") supervises and monitors management of Sharia non-compliance risk, and set controls in relation to this type of risk, in consultation with ISSC and through the Internal Sharia control Department of the Bank. ("ISCD"). The BRCGC ensures the availability of an information system that enables the Bank to measure, assess and report Sharia non-compliance risk. Reports are provided in a timely manner to the Board and Senior Management, in formats suitable for their use and understanding.

The Bank implements effective internal Sharia controls adopting the three lines of defence approach where each line is independent, which includes:

- the first line of defence, represented by the business line, sets clear policies, procedures, and controls, approved by Internal Sharia Supervision Committee of the Bank ("ISSC"), and executes the business activities in a manner compliant with the principles of sharia at all times.
- the second line of defence, represented by the ISCD, undertakes amongst the others the sharia compliance and sharia risk functions.
- the third line of defence represented by Internal Sharia Audit Department ("ISAD"), undertakes the post execution risk based sharia audit of the Bank and reports the findings to the ISSC.

Notes to the consolidated financial statements
for the year ended 31 December 2022

48 Capital management

48.1 Capital management objective

The Group objectives with managing capital, which is a broader concept than the 'equity' on the face of consolidated financial position are:

- To comply with the capital requirements set by the Central Bank of U.A.E.;
- To safeguard the Group ability to continue as a going concern and increase the returns for the shareholders; and
- To maintain a strong capital base to support the development of its business.

48.2 Regulatory capital

The Group lead regulator, the Central Bank of U.A.E. (CBUAE), sets and monitors capital requirements for the Group as a whole. The Group and individual banking operations within the Bank are directly supervised by their respective local regulators.

The Group regulatory capital is analysed into following tiers:

- Common Equity Tier 1 (CET1), which includes fully paid up capital, statutory reserve, general reserve, retained earnings, exchange translation reserve and investment fair value reserve. Regulatory adjustments under Basel III, which includes deductions of deferred tax assets, investments in banking and financial entities and other threshold deductions;
- Tier 1 capital, includes CET1, with additional items that consist of Tier 1 capital instruments and certain non-controlling interests in subsidiaries; and
- Tier 2 capital, which includes collective impairment allowance and qualifying subordinated liabilities, if any.

The Bank was recognized as Domestic Systemically Important Bank (D-SIB) during the year ended 31 December 2018 and is accordingly required to keep a D-SIB buffer of 0.5% in addition to the CCB of 2.5%.

As per the Central Bank regulation for Basel III, the minimum capital requirement as at 31 December 2021 is 13.5% inclusive of capital conservation buffer of 2.5% and D-SIB buffer of 0.5%. However, effective from 15 March 2020 until 30 June 2022, banks were allowed to tap into the capital conservation buffer up to a maximum of 60% and to use 100% of their D-SIB buffer without supervisory consequences, as part of the measures adopted by the CBUAE to help banks deal with the COVID-19 crisis. Further, CBUAE has issued guidance on Accounting Provisions and Capital Requirements - Transitional Arrangement dated 22 April 2020. The Prudential Filter allows banks to add back increases in IFRS9 ECL provision, stage 1 and 2, from 31 December 2019 to the regulatory capital and transition over 5 years.

The Group assets are risk weighted as to their relative credit, market, and operational risk. Credit risk includes both on and off-balance sheet risks. Market risk is defined as the risk of losses in on and off-balance sheet positions arising from movements in market prices and includes profit rate risk, foreign exchange risk, equity exposure risk, and commodity risk. Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events.

The Group is following the standardised approach for credit, market and operational risk, as permitted by the U.A.E. Central Bank and as per Pillar 1 of Basel III.

Capital adequacy and the use of regulatory capital are monitored on a regular basis by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee and the Central Bank of United Arab Emirates.

The objectives, policies and processes are under constant review by management and are updated as and when required.

The Bank is computing and reporting Basel III ratios in accordance with guidelines of the Central Bank of U.A.E.

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48 Capital management (continued)

48.2 Regulatory capital (continued)

Capital Adequacy Ratio (CAR) under Basel III in accordance with regulations of the Central Bank of the U.A.E. is as follows:

	2022	2021
	AED'000	AED'000
Common Equity Tier 1 (CET1)		
Share capital	**7,240,744**	7,240,744
Other reserves	**13,784,668**	13,784,668
Retained earnings	**11,604,509**	9,756,512
Cumulative deferred exchange losses	**(1,565,666)**	(1,313,911)
Investment fair value reserve	**(1,075,766)**	(1,001,532)
Prudential filters transitional adjustment	**-**	-
Intangible assets	**(83,614)**	(151,409)
Deferred tax assets	**(57,871)**	(49,980)
Total CET 1 Capital	**29,847,004**	28,265,092
Additional Tier 1 Capital		
Tier 1 Sukuk	**8,264,250**	8,264,250
Total Additional Tier 1 Capital	**8,264,250**	8,264,250
Total Tier 1 Capital	**38,111,254**	36,529,342
Tier 2 Capital		
Collective impairment allowance	**2,633,187**	2,609,121
Total Tier 2 Capital	**2,633,187**	2,609,121
Total capital base	**40,744,441**	39,138,463
Risk weighted assets		
Credit risk	**210,654,941**	208,729,673
Market risk	**2,618,334**	3,099,642
Operational risk	**18,313,054**	16,990,931
Total risk weighted assets	**231,586,329**	228,820,246
Capital Ratios		
Capital adequacy ratio	**17.6%**	17.1%
Tier 1 Capital ratio	**16.5%**	16.0%
Common Equity Tier 1 ratio	**12.9%**	12.4%

The capital adequacy ratio for the year 2022 has been calculated after considering the impact of the proposed dividend as required by Capital Supply Standard and the related guidance issued by Central Bank of the UAE.

Notes to the consolidated financial statements
for the year ended 31 December 2022

49 Profit rate benchmark reforms

A fundamental reform of major profit rate benchmarks is being undertaken globally, replacing some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group's significant exposure is to USD Libor based financial instruments that are being reformed as part of these market-wide initiatives.

The main risks to which the Group has been exposed as a result of IBOR reform are operational. For example, the renegotiation of financing contracts through bilateral negotiation with customers, updating of contractual terms, updating of systems that use IBOR curves and revision of operational controls related to the reform and regulatory risks. Financial risk is predominantly limited to profit rate risk.

The Group established a cross-functional IBOR Committee to manage its transition to alternative rates. The objectives of the IBOR Committee include evaluating the extent to which Islamic financing and related commitments, liabilities and derivatives reference IBOR cash flows, whether such contracts need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties. The IBOR Committee reports to the ALCO and collaborates with other business functions as needed.

For contracts indexed to an IBOR that mature after the expected cessation of the IBOR rate, the IBOR Committee has established policies to amend the contractual terms. These amendments include the addition of fallback clauses or replacement of the IBOR rate with an alternative benchmark rate. The Group has signed up to fallback mechanisms for centrally cleared derivatives and aimed to transfer exposures to the new benchmark rate ahead of the activation date of the fallback provisions.

The Group has been applying a policy to require that retail products, such as its home finance portfolio, are amended in a uniform way, and bespoke products, such as financing to corporates, are amended in bilateral negotiations with the counterparties.

The change to contractual terms of financial assets and financial liabilities with rates that are subject to IBOR reform is not yet complete. The Bank continues to work towards meeting the regulatory and industry-wide recommended milestones on cessation of LIBOR and will be working with clients and counterparties to issue products based on alternative reference rates.

The Bank has updated necessary changes in its products, services, systems and reporting and ready to write and transition USD financing and related transactions from LIBOR to SOFR. The project is significant in terms of scale and complexity and will impact all facets of its operations from customer contracts and dealings to banks risk management processes and earnings. The Group c0ontinues to engage with internal and external stakeholders to support an orderly transition and to mitigate the risks resulting from the transition.

The carrying amounts of non-derivative financial assets and the nominal amount of derivatives financial instruments that are yet to transition to the alternative profit rates is AED 32.2 billion and AED 44.7 billion respectively.

50 Corporate tax law

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to enact a new CT regime in the UAE. The new CT regime will become effective for accounting periods beginning on or after 1 June 2023.

As the Group's accounting year ends on 31 December, accordingly the effective implementation date for the Group will start from 1 January 2024 to 31 December 2024, with the first return to be filed on or before 30 September 2025.

The CT Law confirms the rate of 9% to be applied to taxable income exceeding a specified threshold still subject to a cabinet decision. The Group may be subject to application of Global Minimum Tax rate of 15% which is dependent on the implementation of Base Erosion Profit Shifting (BEPS 2) - Pillar Two rules by the countries where the Group operates and a top-up tax regime by UAE MoF. The Group is currently assessing the impact of these laws and regulations and will apply the requirements as they come into effect.

51 Comparative information

Certain comparative amounts in consolidated statement of profit or loss and notes to the consolidated financial statement have been adjusted to conform to the current presentation.

52 Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 24 January 2023.

بنك دبي الإسلامي
Dubai Islamic Bank
#ReadyForTheNew

CORPORATE GOVERNANCE REPORT

2022

Contents

About DIB

Dubai Islamic Bank Public Joint Stock Company's ("DIB" or the "Bank") Board of Directors (the "Board") is pleased to present its Corporate Governance report in relation to the financial year ended 31 December 2022.

DIB was inaugurated in 1975 by H.H. Shaikh Rashid bin Saeed Al Maktoum in Dubai in the United Arab Emirates ("UAE") and is the world's first full service Islamic bank. Over the past 47 years DIB has established itself as the leading Islamic bank in the UAE and amongst the largest in the world. In addition to the UAE operations. DIB has banking operations in Pakistan and Kenya through its wholly owned subsidiaries and a presence in Turkey, through a representative office. DIB also has interests in Bosna, Indonesia, and Sudan amongst other interests and affiliations across the globe.

DIB is primarily engaged in providing a range of retail and wholesale banking, treasury, investment banking and capital markets products and services to individual, corporate and institutional customers. DIB is licensed and regulated by the Central Bank of the UAE ("CBUAE") and is listed on the Dubai Financial Market ("DFM").

DIB's Vision, Purpose and Values

Vision: To be the most progressive Islamic financial institution in the world.

Purpose: To instill simplicity and convenience in all our offerings through a personal and engaging experience closely aligned with global sustainable practices for a better future.

Values:

I - Inclusive – Accessible to all, and most importantly, without bias.

C - Collaborative – Connected together as a team to deliver banking with ease.

A - Agile - Deliver faster solutions and provide happy experiences.

R - Responsible - Fair, transparent, and accountable in making responsible decisions.

E - Engaged - Passionate and committed to deliver fulfilling journeys.

1. Corporate Governance Framework Overview

As a pioneer in the industry, DIB is committed to strengthening stakeholder confidence and trust in itself and consequently, the financial services industry as a whole. DIB recognizes the importance of robust governance practices in forging sustainable long-term value and delivering on commitments to stakeholders and is committed to continuous improvements in respect of its governance framework.

DIB operates in compliance with the governing laws of the UAE and applicable regulations and directives issued by the CBUAE, the Securities and Commodities Authority of the UAE (the "SCA") and the DFM. The Bank's Code of Corporate Governance (the "Code"), available on the DIB website, sets out the Bank's key corporate governance principles and practices, and identifies the responsibilities and accountabilities of the Board and its committees, Board members and senior management. The Code is supported by various governance elements including but not limited to, terms of references for the Board its committees and the management committees, established delegations of authority, frameworks relating to risk management, Sharia governance and oversight of DIB's subsidiaries and affiliates and governance policies which are all subject to annual review.

The Board is appointed by the Bank's shareholders and is ultimately accountable for the overall stewardship of DIB. The Board is responsible for setting the overall strategy and governance of risk and has oversight of senior management. The Board monitors progress against the strategy and the efficiency of DIB's internal control and risk management systems to ensure that the processes in relation to control over financial affairs, operations and risk management are robust, that there is a sound application of corporate governance rules and other applicable laws and regulations and that internal procedures and policies that govern DIB's operations are followed. The Board is supported by committees which operate in accordance with clear responsibilities and authorities as set out in their terms of references approved by the Board. These include the Board Audit Committee ("BAC"), Board Nomination and Remuneration Committee ("BNRC"), Board Risk, Compliance and Governance Committee ("BRCGC"), Board Credit and Investment Committee ("BCIC"), and the Board Profit Distribution and Management Committee ("PDMC"). The Board is also ultimately responsible for DIB's compliance with the principles of Islamic Sharia and is supported by the Bank's Internal Sharia Supervision Committee (the "ISSC") in this regard. The ISSC is appointed by the Bank's shareholders and is the highest authority within DIB from a Sharia governance perspective. Day-to-day operations are delegated to the senior management, led by the Group Chief Executive Officer. The senior management team is accountable for DIB's performance and is measured against a set of corporate objectives. The Bank's internal control system, based on the three lines of defense model, is a core component of the corporate governance framework designed to ensure robust risk management and integrity and compliance in the Bank's operations.

Board members are subject to the provisions of the Directors' Code of Conduct and special disclosure obligations, including, but not limited to, disclosure of positions they hold, any change to their independence status and any changes to the information they are required to submit annually as soon as such changes occur. Moreover, a Board member is required to provide full disclosure in respect of any matter being reviewed by the Board or any of its committees which may represent a conflict of interest.

Where a conflict of interest arises, the affected Board member is required to comply with the conflict of interest procedures set out in the terms of reference.

DIB's employees are subject to the provisions of the Employee Code of Conduct which outlines DIB's ethical standards, behavioral and conduct expectations and commitment towards compliance with all relevant laws and regulations. All employees submit an annual acknowledgement on the Employee Code of Conduct and are held accountable to abide by the rules set out therein in the performance of their duties. Employees have a responsibility to speak up and report suspected criminal or unethical behavior in accordance with the Bank's whistleblowing policy.

The Bank's annual general meeting represents an important component within DIB's governance framework. It facilitates structured engagement with shareholders and a mechanism for shareholders to exercise their rights.

In 2022 the Board and its committees have generally complied with the requirements of the Code and its terms of reference. During the year the Board commenced a self-assessment facilitated by the Hawkamah Corporate Governance Institute and attended dedicated training sessions related to corporate governance, consumer protection, IFRS 9 and risk modelling.

Key governance focus areas in 2022 included expanded disclosures such as the inaugural corporate governance report, ongoing enhancement of governance policies and rewards framework, stakeholder engagement initiatives and supporting continuous improvement of committees at both the Board and management level in terms of operating procedures and effectiveness. The management committee framework was implemented, refreshing the committee landscape and all terms of references, ensuring alignment with Board structures. In addition, the implementation and enhancement of the Subsidiary and Affiliates' Corporate Governance Framework continued, driving structured engagement between DIB and its group interests particularly through the lens of DIB's group control functions. As part of the engagement with group entities the key focus areas included alignment of policies and reporting with due regard for the nature and requirements of the individual entities and local jurisdictions landscape. Relevant elements of DIB's Sharia Governance Framework were also extended to group entities. The Bank's Subsidiaries and Affiliates Corporate Governance Framework sets the structure and guidance through which DIB shall oversee its subsidiaries and affiliates. In setting the group expectations, DIB respects the independent legal and governance responsibilities that apply to the individual entities within the group, while mandating full compliance with applicable local legal and regulatory requirements in the respective regions that group entities operate within.

On the sustainability front DIB demonstrated its strong commitment through the introduction of its Sustainable Finance Framework and ESG credit risk policy and scorecards, issuance of its inaugural sukuk of USD 750 million and expansion of its green financing portfolio. Please refer to the sustainability report section of the integrated report for in-depth details of DIB's sustainability practices and initiatives. Stakeholder engagement was deepened through initiatives such as the launch of our customer promise and voice of customer initiative driving enhanced customer experience and an outreach to key stakeholders to engage on the Bank's sustainability agenda which has resulted in expanded reporting and disclosures.

The Board's objective is to ensure that the corporate governance framework effectively supports DIB's ability to anticipate, and respond to, the dynamic and evolving operating environment and the associated opportunities and risks. The corporate governance framework has enabled robust practices ensuring DIB is in a position to deliver on its purpose and drive its strategic objectives as demonstrated by its strong performance. In 2022 the operating environment was characterized by the inflationary pressures witnessed at the beginning of the year arising from the supply side constraints and high liquidity. These pressures were further exacerbated by geopolitical issues and lockdowns in China. The central banks intervened aggressively to tame inflation through rapid rises in interest rates which led to the extraordinarily high interest rate environment.

Looking ahead into 2023, risks of continued inflation and increasing interest rates remain, though at a more moderate pace than in 2022. In addition, a slowdown in the global growth and recession in certain regions are expected, driven primarily by slowing down of demand. However, for the MENA region in general and UAE in particular, which has been the key beneficiary of higher energy prices, growth in 2023 is expected to be positive though slower than in 2022. Accordingly, overall moderation, i.e. no significant variation compared to 2022 in all key metrics including but not limited to asset growth, asset quality, net profit margins, returns on assets and tangible equity as well as cost to income ratio can be expected in 2023. Through the corporate governance framework, the Board and senior management shall continue to closely monitor the operating environment in pursuit of sustainable value creation for DIB's stakeholders.

2. Board of Directors

2.1. Overview

The Board is responsible for the overall stewardship of DIB, fostering its long-term success, financial soundness and delivery of sustainable value to shareholders, while meeting legal and regulatory expectations and protecting the legitimate rights of stakeholders. It provides leadership, guidance and effective supervision within a framework of prudent and effective controls. The Board sets the tone from the top and is ultimately responsible for ensuring that DIB's business is conducted with due skill, care and diligence, integrity and in a fair, honest and professional manner. The Board oversees DIB's overall governance framework and arrangements (including those related to the governance arrangements in respect of the group as set out in the Bank's Subsidiaries and Affiliates Corporate Governance Framework). The Board operates in accordance with a term of reference.

2.2. Board share ownership

The below table contains details of the shares held in DIB by the Board members as at the end of 2021 and 2022:

Name	31 December 2021	31 December 2022
H.E. Mohammad Al Shaibani	48,026,386	48,026,386
Mr. Abdulla Hamad Rahma Al Shamsi	2,000,000	2,000,000
Mr. Abdulla Hamad Rahma Al Shamsi / Son	4,775	-
Mr. Hamad Abdulla Rashed Obaid Al Shamsi	500,000	100,000
Eng. Yahya Saeed Ahmad Nasser Lootah	58,868	19,743,592
Mr. Abdulaziz Ahmed Rahma Al Mheiri	-	-
Mr. Ahmad Mohammad Bin Humaidan	-	-
H.E. Hamad Mubarak Buamim	-	-
Mr. Javier Marin Romano	-	-

Other than the above the spouses and children of the Board members do not hold any shares in the Bank.

2.3. Board composition

Pursuant to DIB's Articles of Association the Board is comprised of nine (9) members elected by the shareholders at a general meeting for a term of three (3) years. Members may be re-elected upon the expiry of the term.

The current Board is comprised of members who are all non-executive directors ("NED"), including eight (8) UAE nationals and five (5) independent directors[1]. The Board is sufficiently diverse in its outlook and collectively has the appropriate balance of skills, experience, independence and knowledge to enable it to discharge its responsibilities effectively, taking into consideration DIB's size, complexity and risk profile. The ultimate determination of independence of a Board member is made by the Board in accordance with DIB's Code which reflects the regulatory requirements stipulated by the CBUAE. The current Board shall complete its three (3) year term in 2023.

Any nomination, appointment, renewal or removal of a Board member is subject to the no objection from the CBUAE. In terms of appointments or renewals the Board considers the recommendations of the BNRC. The BNRC shall identify candidates for appointment to the Board using a variety of means, and in the case of a re-election the applications from prospective candidates received during the nomination period shall also be considered. Prospective candidates shall be considered based on merit, satisfaction of fit and proper criteria and taking into consideration the following:

- the current and future needs of DIB, the Board and its committees together with recommendations arising from the periodic Board composition review;
- the desire to achieve diversity of perspective in the boardroom, and particularly the Board's gender diversity commitments;
- the candidate's suitability and ability to add value to the Board, taking into account the skills which are considered desirable to be held collectively by the Board;
- the personal attributes that all Directors must possess including but limited to the candidate's track record, integrity and interpersonal skills;
- the independence of a member; and
- applicable legal and regulatory requirements, such as those relating to citizenship, independence, and outside board memberships.

[1] Mr. Abdulla Ali Obaid Al Hamli resigned from the Board in March 2022.

The details of the current members of the Board are set out below.

H.E. Mohammad Al Shaibani

Chair, Non-Independent NED

Period since first election: 14 years

H.E. Mohammed Ibrahim Al Shaibani is the Director General of H.H. the Dubai Ruler's Court, a prime government body of the Emirate. He is also the Managing Director of the Investment Corporation of Dubai (**ICD**), the principal investment arm of the Government of Dubai. Since 1998, H.E. Al Shaibani has held the position of President at the Dubai Office, a Private Management office for the Royal Family of Dubai.

H.E. Al Shaibani serves as Vice Chair of the Supreme Fiscal Committee of Dubai, which oversees Dubai's fiscal policies. He is also a member of Dubai's Executive Council, an entity charged with supervising and supporting Dubai's government bodies. H.E. Al Shaibani was also Deputy Chair of the Higher Committee of World Expo 2020.

H.E. Al Shaibani serves as Chair of the Board of Directors at Nakheel Properties, the world-leading property developer with innovative landmark projects in Dubai, including the award-winning iconic "Palm Jumeirah" and "The World Jumeirah Islands". H.E Al Shaibani is also a member of the board at several government-related organisations including Dubai World and Vice Chairman of Dubai Aerospace Enterprise Limited. In 2009, His Excellency played a pivotal role in restructuring the finances of some of Dubai's government related entities.

H.E Al Shaibani graduated in 1988 from United States and holds a Bachelor's degree in Computer Science.

Eng. Yahya Saeed Ahmad Nasser Lootah

Vice Chair, Independent NED

Period since first election: 11 years

Mr. Lootah has over 20 years' experience with S.S. Lootah Group, a leading diversified business based in Dubai which is active across key business sectors ranging from construction, real estate, energy and financial services, applied research, ICT, education, hospitality, media and healthcare. He currently serves as the Chairman of the S.S. Lootah Group. Under his leadership, S.S. Lootah Group has received, amongst others, the Mohammed Bin Rashid Business Award and the Dubai Award for Sustainable Transport.

In addition, Mr. Lootah served as member of the Board of Directors of the Dubai Chamber of Commerce and Industry, as well as a member of the Board of Trustees of Dubai Medical College and the Advisory Board of the Faculty of Engineering at the American University in Dubai.

Mr. Lootah holds a degree in Civil Architectural Engineering as well as a Master's of Science degree in Engineering from University of Bridgeport, Connecticut.

Mr. Hamad Abdulla Rashed Obaid Al Shamsi

Board Member, Independent NED

Period since first election: 11 years

Mr. Al Shamsi serves as the Chairman of Amanat Holding PJSC. He served as the Chief Executive Officer of International Capital Trading LLC, an Abu Dhabi headquartered private investment company. With a wealth of experience spanning several decades, he has run businesses across multiple disciplines, and has particular expertise in the area of financial services and investments. He also served in the Abu Dhabi Investment Authority before moving to the Private Department of His Highness the late Sheikh Zayed Bin Sultan Al Nahyan.

He served on the Board of Directors of several leading private and government institutions engaged in commercial, financial and service-based activities in the UAE. His former Board appointments include Abu Dhabi Securities Exchange, Media Zone Authority, Abu Dhabi Council for Economic Development, Al Qudra Holding, Finance House, Al Hilal Bank, Abu Dhabi Aviation, Etihad Airways and Abu Dhabi Airports Company.

Mr. Al Shamsi holds a Bachelor's degree in Business Administration from UAE University and an MBA majoring in Finance and Banking from the United States.

Mr. Ahmad Mohammad Bin Humaidan

Board Member, Non-Independent NED

Period since first election: 14 years

Mr. Bin Humaidan has over 28 years' experience in strategic thinking, strategic planning, projects management, leading improvement programmes and change management and also serves as Deputy Director General of H.H. The Ruler's Court, Government of Dubai and as the Vice Chairman of the Board of Smart Dubai. He has also previously served as the Director General for Dubai Smart Government and as the Director of Projects for The Executive Office of His Highness Sheikh Mohammad Bin Rashid Al Maktoum, Vice President and Prime Minister of UAE and Ruler of Dubai. Mr. Bin Humaidan started his career with Emirates/Dnata Group of companies where he worked for five years.

Mr. Bin Humaidan holds a degree in Electrical Engineering from UAE University as well as a Business Administration diploma from Sheffield Hallam University, United Kingdom.

Mr. Abdulaziz Ahmed Rahma Al Mheiri

Board Member, Independent NED

Period since first election: 11 years

Mr. Al Mheiri also serves as a member of the Board of Directors of Bourse Dubai, Vice Chairman of the Support Fund and Chairman of the Supervisory Board of Bosna Bank International. He has previously served as the Managing Director of the ICD and as a member of the Board of Directors and Chief Executive Officer for Dubai Bank.

Mr. Al Mheiri holds a Science degree, specialising in Accounting and Finance, from the American College of Switzerland.

H.E. Hamad Mubarak Buamim

Board Member, Independent NED

Period since first election: 8 years

Hamad Buamim is the Chairman of the Board of Dubai Multi-Commodities Center (DMCC). He is also the Chairman of National General Insurance (PJSC), Vice Chairman of Deyaar Properties (PJSC), and a Board Member of Dubai World, Economic Zones World (JAFZA), Dubai Islamic Bank (PJSC), and International Hotel Investment (PLC, Malta).

Previously, Mr. Buamim served as the President & CEO of Dubai Chamber of Commerce (2006 to 2022). He was also the Chairman of the ICC World Chambers Federation (Paris) (2018-2022) and a member of the Board of the UAE Central Bank (2012-2018).

Mr. Buamim was also involved on the Board of Directors of many organizations, including Emirates NBD PJSC, Emirates Financial Services, Emirates NBD Capital, Network International, Union Properties PJSC, Dubai International Financial Center (DIFC), Dubai Aerospace Enterprise, Emirates District Cooling (Emicool), Al Shafar General Contracting (ASGC), Inchcape Shipping Services (London), CityCenter Holdings (Las Vegas), Kerzner International Holdings, Atlantis the Palm, and others.

Educated in the USA, Mr. Buamim holds MBA with honor in Finance from the University of Missouri, Kansas City. He also obtained a Bachelor of Science with Magna Cum Laude in Electrical Engineering from the University of Southern California, Los Angeles.

Mr. Abdulla Hamad Rahma Al Shamsi

Board Member, Non-Independent NED

Period since first election: 8 years

Mr. Al Shamsi served as the Chairman of Dubai Properties Group from May 2012 until 2015 and was also a member of the Board of Directors for Emirates Integrated Telecommunications Co. from March 2007 until March 2018. He was also the General Manager for United Arab Shipping Agencies Co. until 2014.

Previously, Mr. Al Shamsi served as the Chairman for Middle East Container Repair until 2013 and was a founding member and treasurer for the UAE Tennis Association until 2010.

Mr. Al Shamsi obtained a Bachelor of Science degree, Business and Public Administration with a major in Finance and Economics from New York University in 1981.

Mr. Javier Marin Romano

Board Member, Independent NED

Period since first election: 6 years

Mr. Romano serves as the CEO of Singular Bank (Spain) part of Warburg Pincus the leading global investment group, created in 1966 and with presence in more than 40 countries, with more than 55 years of experience in financial services, manages more than (USD) 80,000 million in assets and has an active portfolio that includes more than 960 listed and private companies, in which it has proven its commitment to permanence.

Mr. Romano is also an entrepreneur and an investor in technology companies linked to financial services. He also serves as a director in each of the UCV (Spanish University), Instituto per le Opere di Religione (IOR) and Frontier Economics. Prior to this, Mr. Romano served as Chief Executive Officer of Banco Santander, senior executive vice-president of Banco Santander and head of private banking, asset management and insurance. He has also been a member of the European Banking Association and the European Financial Services Association and of the Board of Directors in different banks, insurance companies and asset managers in several countries in Europe (affiliates of Banco Santander).

Mr. Romano holds a degree in Law and a diploma in Business Administration from the Universidad Pontificia de Comillas in Madrid (Spain). He also obtained a Master’s degree in European law in

Luxembourg, in banking administration from the Institute International d´Etudes Bancaires (La Joya, California) and taxes from the Universidad Pontificia de Comillas (Madrid) and completed the advanced programme of Singularity University (California).

Please refer to the appendix for information relating to other positions held by the members of the Board.

2.4. Female representation on the Board

DIB acknowledges the importance of diversity (in the widest sense) as a driver of Board effectiveness and is committed to supporting equal opportunities. The BNRC plays a leading role in supporting the Board's gender diversity aspirations through, amongst others, promoting a culture and environment of inclusivity and mutual respect and periodically assessing the Board's diversity aspirations, reporting recommendations to the Board and to encourage qualified female candidates to participate in the public nomination process to become part of the pool of candidates to be considered for nomination to the Board.

The shareholders appointed the current Board in the annual general meeting held on 16 March 2020 which did not include any female candidates.

2.5. Board Remuneration

Board remuneration is comprised of a fixed payment in relation to membership on the Board ("Board Retainer"), a fixed payment in relation to membership on committees and attendance fees in relation to committee meetings. The aggregate amount of these components for each fiscal year is tabled for shareholder approval at the annual general meeting in the following year.

The amounts set out in this section are excluding any value added taxes.

The Board Retainer for 2021 was AED 21 million and was approved by the shareholders in the annual general meeting held on 1 March 2022 (as part of the aggregate Board remuneration). The proposed Board Retainer for 2022 is AED 19,410,958.90 million and shall be tabled for shareholder approval at the 2023 annual general meeting as part of the aggregate Board remuneration.

The table below sets out the proposed remuneration in relation to service on the committees of the Board during 2022 which shall be tabled for shareholder approval at the next annual general meeting as part of the aggregate Board remuneration:

No	Name	Committee	Role	Membership Fee	Attendance Fee	Meetings Attended
1	Eng. Yahya Saeed Ahmad Nasser Lootah	BNRC	Chair	150,000	90,000	6
		BCIC	Member	100,000	300,000	20

No	Name	Committee	Role	Membership Fee	Attendance Fee	Meetings Attended
2	Mr. Abdulla Ali Obaid Al Hamli[2]	BNRC	Member	20,547.95	15,000	1
3	Mr. Hamad Abdulla Rashed Obaid Al Shamsi	BCIC	Member	100,000	240,000	16
4	Mr. Ahmad Mohammad Bin Humaidan	BAC	Member	100,000	105,000	7
		BRCGC	Member	100,000	75,000	5
5	Mr. Abdulaziz Ahmed Rahma Al Mheiri	BCIC	Chair	150,000	285,000	19
		BNRC	Member	100,000	60,000	4
6	H.E. Hamad Mubarak Buamim	BNRC	Member	100,000	90,000	6
		BCIC	Member	100,000	285,000	19
7	Mr. Abdulla Hamad Rahma Al Shamsi	BRCGC	Chair	150,000	75,000	5
		BAC	Member	100,000	120,000	8
8	Mr. Javier Marin Romano	BAC	Chair	150,000	120,000	8
		BRCGC	Member	100,000	75,000	5
9	Mr. Saeed Mohamed Al Sharid (Specialist)	BAC	Member	100,000	105,000	7
		BRCGC	Member	100,000	60,000	4

2.6. Board meetings

A total of seven (7) Board meetings were held during 2022. The invitation and the agenda for meetings are sent to the members in advance, and details of issues and decisions made during the meeting are recorded as minutes, taking into account any member's opinions or dissenting views that are expressed during the meeting. A standing agenda item at the beginning of every meeting is the declaration of conflicts of interest, which are recorded in the minutes of the meeting and approved by the members present, ensuring appropriate safeguards are applied as relevant (including where the connected member abstains from discussions and voting).

[2] Mr. Abdulla Ali Obaid Al Hamli resigned from the Board in March 2022.

The table below sets out the dates of the Board meetings and attendance details:

No.	Date of Meeting	Present	By Proxy	Absent
1.	January 25, 2022	9	0	None
2.	February 22, 2022	8	0	Mr. Hamad Abdulla Rashid Obaid Al Shamsi
3.	April 26, 2022	7	0	Mr. Abdulaziz Ahmed Rahma Mohamed Almheiri
4.	May 24, 2022	8	0	None
5.	July 26, 2022	7	0	H.E. Hamad Mubarak Buamim
6.	October 24, 2022	8	0	None
7.	December 13, 2022	8	0	None

2.7. Resolutions by passing during 2022

In accordance with, and subject to, its terms of reference and the relevant provisions within the Chairman of SCA's Board of Directors' Decision No. (3/Chairman) of 2020 concerning approval of joint stock companies' governance guide, the Board may issue resolutions by passing. In March 2022, DIB notified the market about the resignation of the Managing Director Mr. Al Hamli. The Board has also issued a number of resolutions by passing during 2022 which concerned operational matters arising in the normal course of business that do not require disclosure as per the relevant disclosure and transparency regulation issued by the SCA. These resolutions were ratified in the minutes of the subsequent meeting of the Board.

2.8. Delegation of authority

The Board may, with the exception of matters reserved for the Board and its committees set out in the Board terms of reference ("Reserved Matters"), delegate some of its authority to one or more committees, or specific roles on a standing or ad-hoc basis. The Board did not delegate any of its Reserved Matters to the management during 2022. The Board has delegated to senior management powers relating to the implementation of the Board-approved strategy and operational matters within established limits. All delegations are set out in writing and reviewed periodically.

3. Board Committees

3.1. Overview

To aid the Board in the prudent and effective performance of its responsibilities, the Board may establish committees and assign such committees a mandate and authorities as set out in a term of reference approved by the Board. Notwithstanding any delegation by the Board to a committee, the Board retains responsibility for the decisions and actions taken by such committee.

DIB's stand on accountability stems from the tone from the top, and in its implementation of such high accountability standard, and by issuing this report, the chair of each Board committee individually acknowledges their responsibility and confirmation for the committee's framework, review of its operations, and for ensuring its effectiveness for the year 2022.

3.2. Board Committees

The Board has established the following standing committees:

- Board Audit Committee ("BAC");
- Board Nomination and Remuneration Committee ("BNRC");
- Board Risk, Compliance and Governance Committee ("BRCGC");
- Board Credit and Investment Committee ("BCIC"); and
- Board Profit Distribution & Management Committee ("BPDMC")[3].

Each of these committees remain an integral part of the Board, where membership includes members of the Board and in the case of the BAC and the BRCGC a specialist who contributes his expertise for the benefit of these committees (such specialist is subject to the same obligations as the Board members).

The responsibility of these committees is to consider matters within their assigned mandate in greater detail, to provide recommendations to the Board, to manage conflicts of interest, satisfy regulatory requirements, and provide management oversight to ensure the proper governance of the Bank. Each committee submits an annual report to the Board and periodically apprises the Board, through its respective chair, in respect of its activities and recommendations during the year. The terms of reference and work plan for each committee are reviewed on an annual basis and an annual assessment is conducted at the full Board and Committee level.

[3] The BPDMC was established in December 2022 and will effectively commence operations in 2023.

3.2.1. The Board Audit Committee

The composition of the BAC and meeting in 2022 was as follows:

Member	Attendance
Mr. Javier Marin Romano (Chair)	8
Mr. Ahmad Mohammad Bin Humaidan	7
Mr. Abdulla Hamad Rahma Al Shamsi	8
Mr. Saeed Mohamed Al Sharid (Specialist)	7

The BAC's role is to assist the Board in the consideration of several matters, including but not limited to:

- The integrity of DIB's financial statements and controls over financial reporting.
- The effectiveness of the internal control, risk management and governance systems.
- The relationship with the external auditor, recommendation regarding their selection, and oversight of their effectiveness and independence.
- The performance, effectiveness and independence the Group Internal Audit function and Group Internal Sharia Audit function.
- The adequate oversight over the Group Audit functions while respecting the independent legal and governance responsibilities that may apply to individual entities.

The BAC held its meetings during 2022 to discuss matters relating to financial statements and other matters within its remit as follows:

No.	Date of Meeting	No.	Date of Meeting
1.	25-Jan-2022	5.	26-Jul-2022
2.	23-Feb-2022	6.	24-Oct-2022
3.	26-Apr-2022	7.	22-Nov-2022
4.	24-May-2022	8.	23-Nov-2022

3.2.2. Board Nomination and Remuneration Committee

The composition of the BNRC and meeting attendance in 2022 was as follows:

Member	Attendance
Eng. Yahya Saeed Ahmad Nasser Lootah (Chair)	6
Mr. Abdulaziz Ahmed Rahma Al Mheiri	4
H.E. Hamad Mubarak Buamim	6
Mr. Abdulla Ali Obaid Al Hamli	1

The BNRC's role is to assist the Board in the consideration of several matters, including but not limited to:

- Matters relating to the composition, succession, remuneration and assessment of the Board and its committees.
- Monitoring the independent status of independent Board members.
- The nomination, induction and the ongoing development program for Board members.
- The review, approval and oversight of the implementation of DIB's compensation system, the strategic human resources policy and the Employee Code of Conduct.
- Matters relating to the appointment, fit and proper process, succession and remuneration of senior management.

The BNRC held its meetings during 2022 to discuss matters relating to its remit as follows:

No.	Date of Meeting
1.	6-Jan-2022
2.	17-Mar-2022
3.	7-Jun-2022
4.	26-Oct-2022
5.	22-Nov-2022
6.	29-Dec-2022

3.2.3. Board Risk, Compliance and Governance Committee

The composition of the BRCGC and meeting attendance for 2022 was as follows:

Member	Attendance
Mr. Abdulla Hamad Rahma Al Shamsi (Chair)	5
Mr. Ahmad Mohammad Bin Humaidan	5
Mr. Javier Marin Romano	5
Mr. Saeed Al Sharid (Specialist)	4

The BRCGC's role is to assist the Board in the consideration of several matters, including but not limited to:

- Overseeing the Bank's governance, risk management, compliance and control frameworks and their related operation.
- Monitoring risk exposures and providing strategic direction to ensure risks remain at an acceptable level.

- Enabling a group-wide view of the Bank's current and future risk position relative to its risk appetite and capital strength.
- Overseeing all risk models in use at the Bank.
- Review of the Bank's material policies.
- Monitoring compliance with legal and regulatory obligations.
- Approval of the Bank's ICAAP report and regulatory mandated stress tests.
- Review whistleblowing reports, and the status of the subsequent investigation.
- Guide a group reporting structure that defines reporting between DIB's Risk and Tier 1 group entities' Risk functions.

The BRCGC held its meetings during 2022 to discuss matters relating to its remit as follows:

No.	Date of Meeting
1.	14-Feb-2022
2.	21-Mar-2022
3.	30-May-2022
4.	5-Sep-2022
5.	24-Nov-2022

3.2.4. The Board Credit and Investment Committee

The composition of the BCIC and meeting attendance for 2022 was as follows:

Member	Attendance
Mr. Abdulaziz Ahmed Rahma Al Mheiri (Chair)	19
Mr. Hamad Bin Abdulla Al Shamsi	16
Eng. Yahya Saeed Ahmad Nasser Lootah	20
H.E. Hamad Mubarak Buamim	19

The BCIC's role is to assist the Board in the consideration of several matters, including but not limited to the approval of credit, investment and collection and remedial proposals within the discretionary authority delegated to the committee and providing guidance to the Board on the Bank's investment strategy, monitor investment performance at group level.

The BCIC held its meetings during 2022 to discuss matters relating to its remit as follows:

No.	Date of Meeting	No.	Date of Meeting
1.	6-Jan-2022	12.	26-Jul-2022

No.	Date of Meeting	No.	Date of Meeting
2.	27-Jan-2022	13.	16-Aug-2022
3.	24-Feb-2022	14.	30-Aug-2022
4.	15-Mar-2022	15.	20-Sep-2022
5.	29-Mar-2022	16.	4-Oct-2022
6.	5-Apr-2022	17.	18-Oct-2022
7.	19-Apr-2022	18.	1-Nov-2022
8.	17-May-2022	19.	15-Nov-2022
9.	31-May-2022	20.	6-Dec-2022
10.	7-Jun-2022	21.	20-Dec-2022
11.	28-Jun-2022		

3.2.5. Board Profit Distribution & Management Committee

The BPDMC was established in December 2022 and will effectively commence operations in 2023. Its role will be to assist the Board in oversight of displaced commercial risk and in providing robust oversight and a sound monitoring function to ensure that profit equalization, including utilization of reserves (such as the profit equalization and investment risk reserves), are appropriately checked and monitored.

4. Internal Sharia Supervision Committee

The core responsibility of the ISSC is to undertake Sharia supervision of all DIB's businesses, activities, products, services, contracts, transactions, documents and code of conduct. The ISSC is comprised of five (5) experienced scholars who are appointed by the shareholders on the basis of the nominations put forth by the Board and approved by Higher Sharia Authority of the CBUAE. The term of the scholars is three (3) years, with their appointment reconfirmed by the shareholders on an annual basis.

The current members of the ISSC were appointed by the shareholders in the annual general meeting convened on 16 March 2021.

During 2022 the ISSC has generally complied with the main requirements of its terms of reference with regard to various matters including, but not limited to, its size and composition, the terms of membership, the number of meetings to be held, the quorum required for meetings, the majority needed to make decisions and the conditions for decision-making and conflict of interest management.

The ISSC met 11 times in 2022 with full attendance by the members, and more than 3,000 matters were considered for guidance by the ISSC, its Executive Member and the ISCD.

The Chair of the ISSC met twice with the Board during the year to discuss issues pertaining to Sharia compliance.

The ISSC shall present its 2022 report to the shareholders in the next annual general meeting.

DIB's ISSC is comprised of the following five (5) Islamic jurists:

Professor Dr. Mohamed Ali Elgari
Chair

Prof. Dr. Elgari is a Professor of Islamic Economics and the former Director of the Centre for Research in Islamic Economics at King Abdul Aziz University in the Kingdom of Saudi Arabia. Prof. Dr. Elgari is the recipient of the Islamic Development Bank Prize in Islamic Banking and Finance and holds the KLIFF Islamic Finance Award for Most Outstanding Contribution to Islamic Finance (Individual).

He is a member on the editorial board of several academic publications in the field of Islamic Finance and Jurisprudence, among them the Journal of the Jurisprudence Academy (of the IWL), Journal of Islamic Economic Studies (IDB), Journal of Islamic Economic (IAIE, London), and the advisory board of the Harvard Series in Islamic Law, Harvard Law School.

Prof. Dr. Elgari is also an advisor to numerous Islamic financial institutions throughout the world and is notably on the Shariah board of the Dow Jones Islamic index as well as a member of the Islamic Fiqh Academy and the Islamic Accounting & Auditing Organisation for Islamic Financial Institutions (AAOIFI).

Prof. Dr. Elgari holds a PhD in Economics from the University of California, United States of America.

Sheikh Dr. Muhammad Abdulrahim Sultan Al Olama

Vice Chair

Sheikh Dr. Al Olama is a member of the Grand Islamic Scholars Commission in Dubai, an Associate Professor of the School of Shari'a at the United Arab Emirates University in Al Ain and an acknowledged expert in Islamic finance. Sheikh Dr. Al Olama is also the head of the Fatwa Committee of the Zakat Funds in the UAE. He currently serves on a number of Sharia boards representing Islamic financial institutions and Takaful companies.

Sheikh Dr. Al Olama has written extensively on modern Islamic finance and has presented numerous research papers at various international conferences. Sheikh Dr. Al Olama holds a PhD in Comparative Islamic Law from Umm Al Qurra University, Mecca, Kingdom of Saudi Arabia.

Dr. Muhammad Qaseem

Executive Member

Dr. Qaseem is a renowned Sharia scholar and Islamic finance expert. He is the Chairman Sharia Board of Silkbank Ltd Pakistan and Deutsche Bank Malaysia.

Dr. Qaseem holds a Ph.D in Tafseer and Qur'anic Sciences from the International Islamic University Islamabad, where he has taught in various graduate and post graduate programmes for more than 22 years. He is fully proficient in five (5) languages.

Dr. Qaseem has contributed immensely towards disseminating the message of Islamic banking and building its institutions and Sharia frameworks in different countries. He has been instrumental in developing innovative structures and products in some very challenging regulatory environments.

Professor Dr. Mohamad Akram Laldin

Member

Prof. Dr. Laldin is the Executive Director of ISRA. He is also a member of Bank Negara Malaysia Sharia Advisory Council (SAC), member of Shariah Advisory Employees Provident Fund (EPF), member of HSBC Amanah Global Sharia Advisory Board, member of EAB (London) Sharia Advisory Board, Chairman of Islamic Advisory Board of HSBC Insurance Singapore, member of Sharia Advisory Council International Islamic Financial Market (IIFM), Bahrain, Committee member of AAOIFI Sharia

Standards, Bahrain and other Boards across the globe. He is also a member of the Board of Studies of the Institute of Islamic Banking and Finance, IIUM.

Prof. Dr. Laldin holds a B.A. honours degree in Islamic Jurisprudence and Legislation from the University of Jordan, Amman, Jordan and a PhD in Principles of Islamic Jurisprudence (Usul al-Fiqh) from the University of Edinburgh, Scotland, United Kingdom. He is the recipient of Zaki Badawi Award 2010 for Excellence in Shariah Advisory and Research. He has participated and presented papers in numerous local and international conferences.

Dr. Ibrahim Ali Al Mansoori

Member

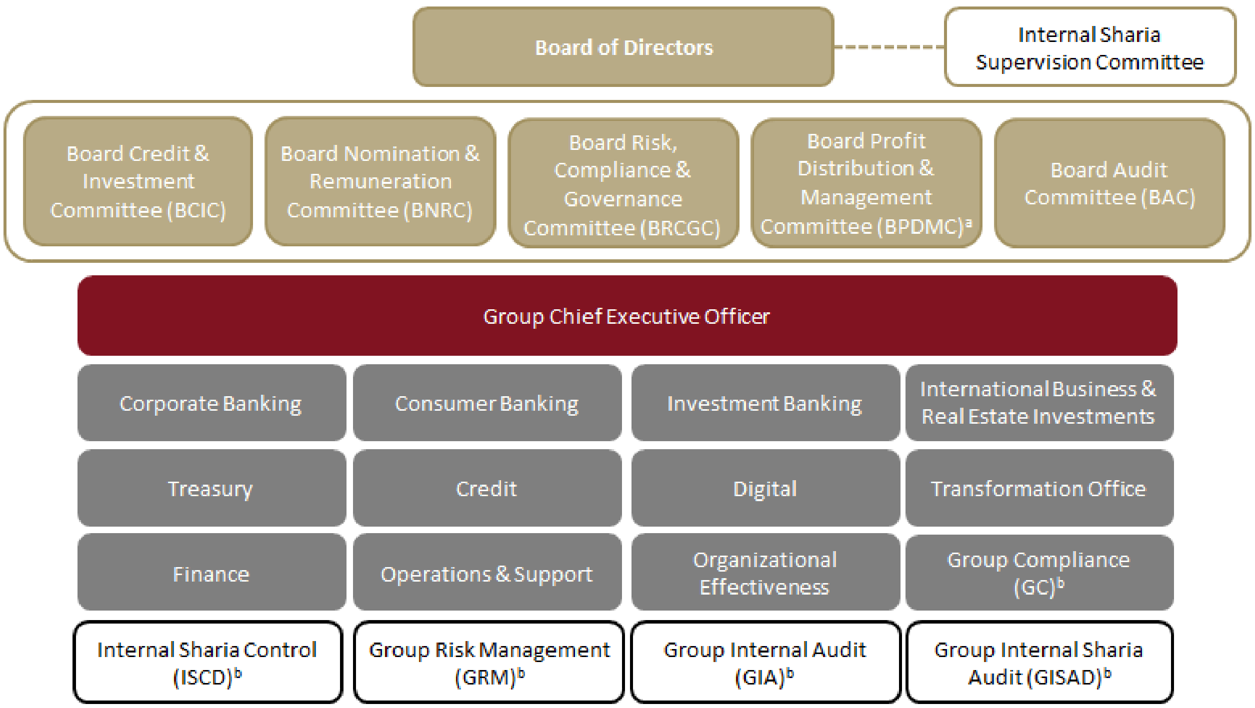
Dr. Al Mansoori is a prominent Sharia scholar from the UAE with an active focus on the Islamic banking and finance industry. He is currently serving as Director of Sharjah Islamic Center for Economy & Finance Studies and the Assistant Professor of Economy & Islamic Banks, University of Sharjah.

Dr. Al Mansoori is currently serving as the Chair of the ISSC of Al Hilal Bank and a member of various ISSCs of Islamic financial institutions.

Dr. Al Mansoori holds a PhD in Economics & Islamic Banking, as well as two Master's Degrees in Economics & Islamic Banking and Pedagogical Psychology. He has authored various research papers on contemporary matters relating to Islamic Banking.

5. Management

5.1. Organization Structure



a. The BPDMC was established in December 2022 and shall commence operations in 2023.

b. These roles have direct access to, or functionally report to the Board or one of its committees and closely coordinate with management as more fully described in section 7 of this report.

5.2. Senior Management

Set out below is an overview of the Bank's senior management team.

Dr. Adnan Chilwan

Group Chief Executive Officer

Date of Joining: June 2008

A seasoned banker with a career spanning nearly three decades across reputed conventional and Islamic banks in the region, Dr. Adnan Chilwan currently serves as the Group Chief Executive Officer of Dubai Islamic Bank. Since assuming the apex role in 2013, he has led and steered the Islamic banking powerhouse from consolidation to transformation to growth aiming to make Islamic Finance a global norm.

Dr. Chilwan's leadership and contributions to the Islamic Finance sector have earned him recognition, being selected by Forbes ME as amongst the ''Top CEOs in the Middle East 2021' and ranked in the "Top 100 CEOs in the Middle East 2022" list. He has also been named as one of the top 10 CEOs amongst GCC banks at the Top CEO Conference & Awards May 2022, which was followed by placing him in the list of the "Top 50 Inspiring Leaders of 2022", a testimony to his stature as a leader and his contribution to the industry on the whole. Acknowledging his leadership in the field of Islamic Banking & Finance, Dr. Chilwan has been bestowed with numerous awards including the Banker of the Year at the MEA Finance Awards 2022 and the Lifetime Achievement Award at the MEA Finance Awards 2021, honoring him as an individual whose efforts have positively influenced the banking and financial industry in the Middle East. Dr. Chilwan holds a PhD and an MBA in Marketing. He is a Certified Islamic Banker (CeIB), a Post Graduate in Islamic Banking & Insurance and an Associate Fellow Member in Islamic Finance Professionals Board.

John Stephen Grota Macedo

Chief Financial Officer

Date of Joining: January 2016

Mr. John Macedo has over 23 years extensive experience in Finance. Prior to joining Dubai Islamic Bank, he was Chief Financial Officer at Saudi Hollandi Bank (Affiliate of ABN AMBRO Bank N.V). He was previously CFO -Liberty Africa at Standard Bank Group (a Johannesburg Stock Exchange listed top Company). John had also worked with STANLIB ltd for 7 years where he held multiple roles. John is a qualified Chartered Accountant and a professional member of the South African Institute of Chartered Accountants allowing him to hold the designation CA(SA). In addition, he also holds a Master's degree in Accounting and Taxation and an MBA from Duke University Global Executive.

Obaid Khalifa Al-Shamsi

Chief Operating Officer

Date of Joining: January 1998

Mr. Obaid Khalifa Al-Shamsi has over 25 years of multi-functional responsibility spanning planning, organizing, and controlling day-to-day operational activities of the Bank. In his role he oversees the operations, technology, human resources, legal and administration areas within the Bank, in addition to serving on various Boards in its local and international subsidiaries / affiliates. Mr. Al-Shamsi brings a wealth of experience straddling all business aspects, including mergers and acquisitions, succession planning, talent acquisition and development, change management and leadership development. Mr. Al-Shamsi holds a Master's degree in Business Administration from Middlesex University of London. He is a Certified Board Member of the Director Development Programme by IFC (International Finance Corporation) & Hawkamah (The Institute of Corporate Governance, Dubai, UAE).

Chandra Mohan Ganapathy

Group Chief Risk Officer

Date of Joining: August 2020

Mr. Chandra Mohan Ganapathy has over 32 years of experience in the establishment of enterprise risk management framework and infrastructure (including policies, models and processes) encompassing all risks, in particular, credit, market, liquidity, profit rate, operational, regulatory and, information security risks as well as all emerging risks and regulations. Prior to joining DIB, Mr. Ganapathy work with Ahli United Bank BSC, Bahrain. He also worked with International Bank of Qatar, Commercial Bank of Kuwait, Gulf Bank and SBI Capital markets Limited (India). He is a CFA Charter holder, Chartered Accountant, a certified Financial Risk Manager, Professional Risk Manager, and holds a certificate in Quantitative Finance.

Abdul Waheed Rathore

Group Chief Compliance Officer

Date of Joining: January 2022

Mr. Abdul Waheed Rathore has held various leadership and Chief Compliance Officer positions over the last two decades in major global and regional banks including Citigroup, ABN Amro N.V. and Abu Dhabi Commercial Bank. Additionally, he has worked for the regulator by serving as the Executive Director of Banking & Insurance Supervision – Financial Services Regulatory Authority of Abu Dhabi Global Market . Mr. Rathore is a Former Chairman and a member of UAE Banks Federation Compliance Committee. He holds an MBA and an MSc in Law from INSEAD.

Volkan Pekince

Group Chief of Internal Audit

Date of Joining: November 2020

Mr. Volkan Pekince has over 24 years of international banking experience in governance, internal audit and, risk management. His proven ability to conduct organizational diagnostics through a systematic assurance approach, while upholding efficiency and agility, restructured GIA to play a strategic role and provide the Board with an independent view over the Bank activities. He is a known speaker in the UAE Internal Auditors Association conferences advocating the progressive and constantly evolving role of the Internal Audit profession. He holds a BSc. degree in Electrical & Electronics Engineering and relevant professional certifications.

Syed Naveed Ali

Chief of Corporate

Date of Joining: June 2003

Mr. Syed Naveed Ali is a seasoned corporate banking professional with over 30 years of coverage and relationship management and development experience with local and international firms offering the full suite of wholesale banking products and solutions across a diversified clientele. In his role as the Chief of Corporate Mr. Ali is responsible for orchestrating and executing account strategies, driving business performance and deepening client relationships. Over the years, Mr. Ali has developed strong expertise in the fields of sales and coverage, credit, business development, cash management, trade and working capital, and lending. Mr. Ali holds a Bachelor of Science from Karachi University, Pakistan.

Sanjay Malhotra

Chief Consumer Banking Officer

Date of Joining: February 2015

Mr. Sanjay Malhotra is the Bank's Chief of Consumer Banking and has over 30 years of multi-functional experience in leading banks of the region. During his tenure with DIB, Mr. Malhotra was also responsible for executing the Digital Strategy of the Bank as Chief Digital Officer where he was responsible for envisaging DIB's digital strategy and trends, and supporting the Bank's commitment towards making digital banking more convenient and reliable. Mr. Malhotra has held various roles in the region heading up retail and private banking and has had exposure to multiple geographies in Asia, Middle East, Levant and North Africa. In the early part of his career, he worked as functional head for areas as diverse as marketing, product management, and retail risk and credit. He has been driving business strategy as a country and regional business head for over 25 years. Mr. Malhotra is a graduate engineer and MBA from BITS-Pilani in India.

Hamid Iqbal Butt

Chief of Investment Banking

Date of Joining: March 2020

Mr. Hamid Butt has over 40 years of banking experience in investment, commercial and consumer banking in both line and staff capacities in a variety of geographic locations. As the Chief of Investment Banking, Mr. Butt is responsible for all investment banking activity, including Debt Capital Markets and Structured Finance and Advisory services. Prior to DIB, Mr. Butt has worked in several well recognised financial institutions and has assumed multiple roles of diverse nature, spanning from risk management, corporate banking, structured finance advisory, fixed income and credit management. Mr. Butt is a graduate from George Washington University, Washington, DC with a Bachelor of Business Administration.

Mohammed Saleem Qassim

Chief of Treasury

Date of Joining: July 2006

Mr. Mohammed Saleem is a Global Markets specialist with over 40 years of experience with leading global and local banks, having proven track record of transforming Treasury into a highly profitable business through product innovation, cross sell strategies and maximizing balance sheet efficiency. He has led and developed high performing team to successfully execute strategic business plans.

With an experience in leadership roles, in-depth business acumen and proficiency in strategic planning and execution, Mr. Qassim delivers a customer-centric approach to business with ability to provide innovative solution based on customer need with focus on maximizing relationship value. Mr. Qassim holds vital positions on various committees of Dubai Islamic Bank and is also a Board Member of DIB Pakistan. Prior to DIB, Mr. Qassim worked with Standard Chartered Bank in Pakistan and the Middle East, as a Treasurer, responsible for the treasury business and sizable money market and fixed income book. He has also worked at SOC GEN – Bangladesh, Bank of Credit and Commerce, UAE; amongst other reputable institutions. Mr. Qassim is a graduate from Karachi University, Pakistan with a Bachelor of Commerce.

Nagaraj Ramakrishnan

Chief Credit Officer

Date of Joining: April 2019

Mr. Nagaraj Ramakrishnan is a Senior banker with over 30 years of banking experience. He specializes in credit and risk management covering areas like Corporate and Institutional banking, Retail Banking, Treasury, Corporate finance, Project and Structured finance and Islamic banking. Prior to joining DIB, Mr. Ramakrishnan worked with Emirates NBD, Standard Chartered Bank, Citi and American Express Bank in Asia and the Middle east.
Mr. Ramakrishnan is a Commerce graduate and an Associate Member of Institute of Chartered Accountants of India.

Mohamed Saeed Ahmed Abdullah Al Sharif

Chief of International Business & Real Estate Investments

Date of Joining: September 1999

Mr. Mohamed Al Sharif is a senior banker with over 35 years of well-rounded banking experience in Business and Finance. His specialization constitutes Finance and investment banking, providing leadership to business lines to maximize return and give direction towards the achievement of the organization’s philosophy, mission, vision and its annual goals and objectives. As Chief of International Business & Real Estate Investments, Mr. Al Sharif is responsible for oversight of DIB’s Footprint International Business, and Direct and real estate Investments. Prior to DIB, he worked with Central Bank of UAE as Head of Banking Supervision, in addition to several other roles in finance and Treasury Audit. Mr. Al Sharif is an MA Graduate from The Catholic University of America – USA and Certified Public Accountant (CPA) from American Institute of Certified Public Accountants – USA.

Musabbah Al Qaizi

Chief Digital Officer

Date of Joining: September 1999

Mr. Musabbah Al Qaizi has over 28 years of experience in information technology. During his tenure with DIB, he has also been responsible for executing the technology, information security and digital operations strategy. This included responsibility for the development and enhancement of DIB's electronic channels. Mr. Al Qaizi holds Bachelor's degree in Information Management System from University of Arkansas At Little Rock - USA.

Varun Sood

Chief Transformation Officer

Date of Joining: June 2008

Mr. Varun Sood has over 33 years of multi-functional experience in leading banks in the region. He has worked with DIB group for 17 years in various capacities and currently oversees the bank's Transformation programs, experience of which includes successful integration of both Tamweel and Noor Bank into DIB. Prior to joining DIB, he was Regional Head, Consumer Credit Asia & Group Basel II Implementation at ABN-AMRO Bank and has also worked with Mashreq Bank, Standard Chartered Bank and Ernst & Young in multiple geographies in Asia, Middle East and Europe. Mr. Sood is a certified Chartered Accountant and Certified Public Accountant. He is an honors Economics graduate from Delhi University India.

Noman Rasheed

Chief Information Officer

Date of Joining: March 2020

Mr. Noman Rasheed has over 26 years of experience in transforming organizations through digital and innovation. Prior to joining DIB, he worked with Noor Bank as Chief Information and Operations Officer and Barclays Bank where he was the Director, Information Technology & Operations. Mr. Rasheed also worked with Mashreq Bank for 9 years managing design and delivery portfolio of customer facing platforms, for MENA region. He specializes in orchestration and execution of result-oriented strategies and delivery of high-performance organization with remarkable achievements. Highly qualified with double Masters in Information Technology and Management & Strategy.

Omar Hayat Rahman

Chief of Legal

Date of Joining: March 2020

Mr. Omar Rahman has over 25 years of multi-jurisdictional experience in leading banks and international corporates across the region. At DIB he manages a team of over 40 lawyers and support staff. He has advised on M&A transactions, high value Islamic finance and structured finance transactions, multi-jurisdictional litigation and arbitration, and all aspects of the legal affairs of a vibrant and busy bank. Mr. Rahman is a UK qualified solicitor, and in the early part of his career, he worked at the international law firms Simmons & Simmons and Dentons. Mr. Rahman is a graduate of The University of Oxford.

Moosa Tariq Mir Khoory

Group Head of Internal Sharia Audit

Date of Joining: October 2007

Mr. Moosa Tariq Mir Khoory has over 15 years of Sharia audit, Sharia compliance, and Sharia training experience. He is a founding member of the Sharia departments forum which is a platform for Islamic Banks and Financial institutions. He holds a dual Masters in International Business Law (LLM) and Masters in Sharia and Islamic Studies (Islamic Jurisprudence and its Fundamentals). He is also currently pursuing a PhD in Islamic Finance.

Mian Muhammad Nazir

Head of Internal Sharia Control

Date of Joining: October 2005

Mr. Mian Muhammad Nazir has over 19 years of unique experience in the fields of banking (particularly Islamic Banking and Finance), corporate finance, legal and Sharia. Mr. Nazir is an accomplished practitioner in Islamic finance and has advised on various first-ever innovative structures, products, services and transactions in almost all segments of Islamic banking, finance and Takaful industry. He holds Master of Laws degree from University of Cambridge, UK, B.A. and L.L.B (Hons) and Sharia & Law (Gold Medal and Distinction) from International Islamic University Islamabad, Pakistan.

Rafia Mohammad Essa Alabbar

Head of Human Resources

Date of Joining: June 2006

Mrs. Rafia Al Abbar is a human resource professional with over 18 years of comprehensive experience and a distinctive career in Human Resources Management. Mrs. Alabbar started her progressive career in human resources with DIB, and has held different roles within the function. Mrs. Alabbar holds a Bachelor’s degree in E-Business Management from Dubai Women’s College Technology, UAE, in addition to multiple international certification in the field.

5.3. Management Committees

DIB’s management committees operate under a framework that safeguards good governance practices which are aligned with DIB’s corporate governance principles. Management committees may establish sub-committees to assist them with the discharge of their duties, where these forums are expected to be more permanent in nature.

Below is a list of some of the Bank's key management committees and a summary of their responsibilities:

Committee Name	Summary of Responsibilities
Management Credit Committee	Takes credit decisions through approving or recommending credit applications and monitoring credit activities.
Collections and Remedial Management Committee	Assists management in the oversight of exposures managed by DIB's Special Accounts Management.
Investment Committee	Oversees DIB's investment activities and portfolio ensuring it is prudently managed and is aligned with DIB's strategy and risk management framework.
Risk Management Committee	Provides oversight in the area of risk management and implementation of the Board approved risk management framework and related policies while guiding the risk management culture within DIB. This committee is supported by various sub-committees which report into the committee including the Model Risk Management Committee, Information Security Management Committee and the Data Governance Council.
Asset & Liability Committee	Ensures adequate planning, directing and controlling of the flow, level, mix, cost and yield of DIB's assets and liabilities to ensure liquidity and profit rate risk remain within the approved risk appetite.
Compliance Committee	Acts as a forum to discuss compliance matters at an enterprise level and stay abreast of the compliance developments and initiatives that DIB undertakes to ensure that its compliance systems are robust, effective and fit for purpose to safeguard its reputation and operations.
IFRS 9 Committee	Ensures compliance with IFRS 9 standards, related regulatory rules and DIB's policies and supports management in identifying deterioration in credit quality and non-performance and ensuring that an appropriate level of expected credit loss is carried.
Digital Committee	Oversees DIB's overall digital transformation efforts aimed at transforming DIB into a Digitally Intelligent Bank, ensuring digital progress and financial benefit.
Information Technology Committee	Oversees DIB's core technology projects and initiatives, including projects related to core systems, infrastructure, payments, risk, regulatory and compliance related projects.

5.4. Remuneration

The Reward policy is to guide the development and implementation of the reward and recognition programs of DIB, with the objective of supporting the attraction, retention and engagement of talent required to deliver the business strategy of the bank, in line with prudent risk measures and CBUAE compensation rules, principles and standards.

The following are some of the key principles adopted in DIB's Reward philosophy:

- The Bank manages total rewards considering the balance between external competitiveness and affordability, external business environment, DIB's financial health, risk factors affecting the sustainability of the Bank and CBUAE limits. For this purpose, market benchmarks are carried out on annual basis to ascertain the compensation & benefits trends in the market and align where required.

- The Bank ensures that variable pay plays an important part of its pay for performance approach and helps DIB focus on a total compensation approach. Pay structures at DIB are designed to drive the desired behaviors and expected conduct of employees, wherein the annual bonus is derived from the value creation driven by the Bank and individual employee's performance.

- The performance management exercise conducted across the Bank enables the assessment of individual performances against their assigned set of key performance indicators, which is then translated to reward based on the individual's performance. The current variable pay components would include performance bonus and sales incentives. Based on the nature of the job role and the reward type, employees would either be eligible for performance bonus or sales incentives.

- Incentive schemes are designed with the aim of preventing mis-selling, unreasonable risk-taking, conflict of Interest or other irresponsible conduct. Incentive schemes are focused on not incentivizing unethical practices and rewarding positive conduct. The reward policy, composition and mandate of the BNRC, senior managers and material risk-takers, remuneration of employees in the compliance, risk and audit functions (Control Functions allowance), Performance Bonus Deferment Policy are reported to Group Risk Management and disclosed in the Pillar 3 disclosures which includes fixed remuneration, variable remuneration, guaranteed bonuses, sign on awards, severance payments etc.

- The BNRC reviews, approves and maintains oversight on the implementation of the overall reward related policies of the Bank in line with all relevant regulations and standards including but not limited to reviewing and approving the reward policy, approving the compensation for senior management as well as reviewing the annual performance assessment of the GCEO and recommending it to the Board.

The aggregate remuneration paid to the senior management roles set out in section 5.2 above in 2022 was AED 77 million (AED 36 million represents fixed remuneration and AED 41 million represents variable remuneration). The variable component of this payment pertains to the year 2021.

Remuneration awarded during the financial year

31 Dec 2022 - AED '000'

No	Remuneration Amount		Senior Management	Other Material Risk-takers
1	Fixed Remuneration	Number of employees	19	38
2		Total fixed remuneration (3 + 5 + 7)	35,811	40,631
3		Of which: cash-based	35,811	40,631
4		Of which: deferred	-	-
5		Of which: shares or other share-linked instruments	-	-
6		Of which: deferred	-	-
7		Of which: other forms	-	-
8		Of which: deferred	-	-
9	Variable Remuneration	Number of employees	19	38
10		Total variable remuneration (11 + 13 + 15)	40,700	25,220
11		Of which: cash-based	40,700	25,220
12		Of which: deferred	-	-
13		Of which: shares or other share-linked instruments	-	-
14		Of which: deferred	-	-
15		Of which: other forms	-	-
16		Of which: deferred	-	-
17	**Total Remuneration** (2+10)		**76,511**	**65,851**

Special payments

31 Dec 2022 – AED '000'

Special Payments	Guaranteed Bonuses		Sign on Awards		Severance Payments	
	Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount
Senior Management	19	3,707	-	-	-	-
Other material risk-takers	38	1,934	-	-	-	-

6. External auditor

6.1. External auditors overview

DIB relationship with its external auditor is governed in line with the external auditor's policy. The policy reflects the requirements set out in the CBUAE's regulation circular 162/2018 regarding financial reporting and external audit and applicable laws and regulations. It regulates matters including, but not limited to, appointment, reappointment, duration of service, and auditor independence. The BAC bears the responsibility for engaging with, and monitoring the effectiveness, independence and objectivity of the external auditor.

Deloitte and Touche (M.E.) was appointed as DIB's external auditor for 2022. Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Deloitte has served as trusted auditors for clients in the Middle East for the past 96 years. Within the UAE Deloitte has five practice offices with 51 Partners, Directors and Principals and over 600 audit professionals.

6.2. Statement of fees and costs for 2022

Name of external auditor and audit partner	Deloitte & Touche (M.E.)
Number of years served as external auditor	4 years
Name of external audit partner	Julie Kassab
Number of years audit partner has served in this role	1 year
Total audit fees[4]	AED 1,700,000
Fees and costs of other services other than auditing the financial statements for 2022	AED 876,483[5]
Details and nature of other services provided by the external auditor	• Comfort letter for the update / issuance of Sukuk program • Comfort letter for the issuance of Green Sukuk • Issuance of Long form audit report • Vat related queries • Tax advice

6.3. Auditor reservations

The external auditor's report did not provide any qualified opinion regarding the interim or annual financial statements for the year 2022.

[4] In relation to DIB and its UAE subsidiaries excluding Deyaar

[5] This includes an amount of AED 500,000 in relation to the provision of audit related services as per the requirements of the CBUAE.

7. Internal control system

7.1. Overview

The Board acknowledges its responsibility for the application, review and efficiency of the Bank's internal control system. The primary responsibility for reviewing risks, identifying and implementing adequate internal controls vests with the risk-taking functions and therefore, the respective business chiefs assume this accountability. The BRCGC in conjunction with the BAC, Group Risk Management, Group Compliance, Internal Sharia Control, Group Internal Audit, and the Group Internal Sharia Audit provide the second and third level of assurance on the adequacy of the internal control system framework within the Bank.

7.2. Control environment

The Board, being responsible for DIB's control environment and its effectiveness, recognises the importance of a robust internal control system to ensure the Bank is able to meet the expectations of its stakeholders and achieve its performance and compliance objectives. DIB is committed to continuous improvement in its control activities and to compliance with applicable statutory and regulatory requirements, which are embedded in DIB's internal control system.

The Bank's internal control system is designed to ensure integrity and compliance with due regard for the CBUAE regulations in respect of Risk Management, Internal Control, Compliance, Internal Audit issued in 2018 and the CBUAE CG Sharia Regulations issued in 2020. The system is based on the three lines of defense model as set out below:

- The **first line of defense** consists of business units, which while vital to the business, creates its greatest risk exposures. This line of defense is responsible and accountable for identifying, assessing, and controlling the risk associated with their activities.

- The **second line of defense** includes support functions and independent control functions (primarily Group Risk Management, Group Compliance, Internal Sharia Control Department), which maintain a close relationship with the business units to ensure that risks have been appropriately identified and managed in line with DIB's approved risk appetite and risk limits. The second line of defense works closely with the first line of defense to create an enterprise-wide view of material risks and maintain a robust control environment, including ensuring robust risk management, compliance and the reliability of financial and non-financial information.

- The **third line of defense** is comprised of the Bank's independent assurance functions. DIB's Group Internal Audit function independently assess the effectiveness of the processes created in the first and second lines of defense in accordance with the Board approved Internal Audit Charter. DIB's Group Internal Sharia Audit independently conducts Sharia audits to ensure that DIB's activities and transactions are Sharia compliant.

The Bank adopts a risk-based approach to its control and assurance activities, ensuring appropriate monitoring and, where relevant, mitigation measures are implemented in accordance with the level of risk to which the Bank is exposed. This enables control and assurance activities to be strategically and operationally aligned with the risks facing the Bank.

In order to ensure the effectiveness of the internal control system the Board has ensured that the functions tasked with responsibilities as part of the system have the required independence and appropriate access to information to effectively carry out their responsibilities. Internal control functions also coordinate with group entities, in accordance with the Subsidiaries and Affiliates Corporate Governance Framework, to ensure that material risks are effectively managed across the group.

The Bank's control environment is shaped by the "tone from the top" set by the Board and senior management which reflects the importance of integrity, ethical values, transparency, risk management and compliance. This is integrated in DIB's corporate values and implemented through several policies such as the enforcement of the Employee Code of Conduct, which every employee is expected to adhere to and is acknowledged on an annual basis.

There are also several strategic and operational policies implemented within the Bank to strengthen governance and controls, including the comprehensive Board-approved Risk Management Framework which governs: (i) DIB's risk appetite statement and tolerance limits; (ii) policies and procedures to identify, mitigate, and manage material risks; (iii) roles and responsibilities in relation to risk management within DIB; and (iv) contingency planning and stress testing.

There are a number of control activities the Bank performs such as: (i) appropriate checks and balances (including segregation of duties); (ii) safeguarding access to, and use of, records and the Bank's assets and investments; (iii) appropriate authorisation and approval structures; (iv) ensuring clear roles and responsibilities; and (v) reconciliation and review processes.

Lastly, and as a result of the robust control environment of DIB, there were no material violations observed by the Bank.

7.3. Risk management

The Board is ultimately responsible for ensuring that a comprehensive, appropriate and effective risk management framework is implemented within the Bank. The Board is supported by the BRCGC, the management's Risk Management Committee and Group Risk Management function in discharging its risk oversight duties. The Board approves the Bank's risk appetite statement (aligned with the Bank's strategy), the comprehensive risk management framework and material risk policies. Through the BRCGC, the Board actively monitors the Bank's risk management activities and risk profile ensuring appropriate actions are instituted where required.

The responsibilities of the Group Risk Management function include but are not limited to:

(a) implementing DIB's overall risk management approach, strategies, framework and policies approved by the Board;

(b) ensuring continuous oversight on all risk aspects across the Group including risk identification, monitoring, reporting and escalation;

(c) integrating the ESG element into our Risk Management Framework by developing an ESG risk policy;

(d) promoting a culture of risk awareness, prevention and management across the Bank;

(e) providing risk related guidance, training and awareness; and

(f) operating an efficient reporting mechanism to the Board and senior management which gives a group-wide view of all material risks.

In 2022 DIB continued to enhance and strengthen its risk management through various initiatives including but not limited to:

- rationalising and strengthening of policies, risk tools and methodologies for a more robust defence as well as to ensure greater agility;
- strengthening risk management capacity;
- deepening risk culture across the organisation through increased technical awareness and promoting risk ownership within the first line of defence; and
- closer alignment of risk practices at subsidiaries and affiliates with the group risk framework and best practices.

The Group Risk Management function is led by the Group Chief Risk Officer ("GCRO") who functionally reports to the BRCGC while maintaining close coordination with senior management and business functions.

7.4. Compliance

DIB is regulated by the CBUAE and is therefore required to comply with CBUAE regulations, circulars and notices. In addition, DIB is required to comply with all applicable laws and regulations of the UAE, including, without limitation, the UAE Commercial Companies Law No. (32) of 2021 (as amended or replaced), the Federal UAE Banking Law No. (14) of 2018, applicable rules and standards established by the SCA and the Bank's Articles of Association. DIB also complies with all the principal international sanctions regimes. DIB is committed to developing a strong relationship with relevant regulators which includes providing responses to regulator consultations received through the UAE Banks Federation.

DIB has a dedicated compliance function that reviews new or revised laws endorsed by the CBUAE, regulations and sanctions and assesses their impact on the Bank, while ensuring that the information is presented to the Board promptly as applicable. Senior management has the responsibility to ensure compliance with applicable laws, regulations and compliance policies and report on such matters to the Board. The Bank's Legal Department is responsible for the internal dissemination of any laws or regulations which fall outside the scope of the CBUAE and supporting the relevant stakeholders to ensure these are complied with.

The Board has approved a comprehensive Compliance Policy, which aids in establishing the authority, responsibility and independence of the Bank's Group Compliance function. The function's responsibilities include, but are not limited to:

- monitoring and reporting on observance of all applicable laws, regulations, and standards;
- enforcing DIB's policies that pertain to, amongst others, customer due diligence, anti-money laundering, combating terrorist financing and proliferation financing, sanctions and detection and reporting of any suspicious transactions; and
- implementing and maintaining mechanisms that sustain a culture of compliance throughout the Bank.

In 2022 DIB continued to enhance and strengthen its compliance management through various initiatives including but not limited to:

- updating its anti-money laundering/counter financing of terrorism and know your customer ("KYC") policies supported by a revised KYC framework;
- enhancing compliance processes and systems; and
- enhancing compliance oversight of subsidiaries and affiliates.

This Group Compliance function is led by the Group Chief Compliance Officer ("GCCO") who reports to the Group Chief Executive Officer and has direct access to the Board through the BRCGC.

7.5. Sharia Control

The Bank's Internal Sharia Control Department ("ISCD") represents an integral part of DIB's internal control system (as part of the second line of defense) and the Sharia Governance Framework. The role of the ISCD includes facilitating and monitoring the Bank's compliance with Islamic Sharia and to advise and assist the Bank on Sharia compliance related matters under the supervision of ISSC.

Information regarding Sharia compliance and related risks is embedded in the related reporting to the BRCGC. The BRCGC may invite the Head of the ISCD to present and discuss Sharia compliance related activities undertaken by the ISCD. The Head of ISCD works closely with, and under the guidance of, the ISSC in relation to all matters related to compliance or application of the principles of Sharia. The Sharia compliance of ISCD reports matters concerning compliance with the principles of Sharia, regulations, Sharia pronouncements of ISSC, resolutions and standards issued by Higher Sharia Authority to ISSC and the Group Chief Executive Officer.

In 2022 DIB continued to enhance and strengthen its Sharia Governance Framework through various initiatives including but not limited to:

- implementing of the Bank's Sharia Governance Framework which aligns with the requirements of the CBUAE;
- enhancing Sharia control oversight of subsidiaries and affiliates;
- promoting Sharia knowledge across DIB through focused learning and development initiatives;
- establishing a framework for managing Sharia non-compliance risks as part of the overall risk management framework;
- initiating an information system to measure, assess and report Sharia non-compliance risks; and
- facilitating coordination and interaction between the senior management, the regulators and other standard setting organizations for Islamic financial institutions.

The ISCD is led by the Head of the ISCD who reports to the Board.

7.6. Internal Audit

The Bank's Group Internal Audit function ("GIA") provides independent reasonable assurance that risks with a potential impact to the DIB's business are identified, quantified and reported to the senior management. Further, the GIA provides assurance as to the adequacy, efficiency and effectiveness of DIB's compliance, governance, risk management and internal control processes.

To ensure independence, employees within the GIA are organisationally independent of all other functions in DIB. To maintain this independence in the discharge of their responsibilities, the internal auditors are not assigned, or expected to engage in, the day to day activities of DIB.

The GIA aims to continuously comply with the Institute of Internal Auditor's international standards for professional practice of internal audit (including the IIA's code of ethics).

The GIA executes its responsibilities in accordance with the Internal Audit Charter approved by the BAC (which is publicly available on the Bank's website). Internal audits are conducted throughout the year as per the Annual Audit Plan approved by the BAC. The GIA also performs ad-hoc assignments and investigations when deemed necessary. Identified audit observations highlighting control gaps and opportunities for process and control improvements, along with the management actions are captured in the Internal Audit Reports, which are presented to the BAC. Open audit observations are actively monitored by senior management and reported to the BAC regularly.

In 2022 DIB continued to enhance and strengthen internal audit through various initiatives including but not limited to:

- updating the audit methodology in line with the global and regional standards and best practices;
- providing internal / external professional development opportunities to the Internal Auditors to continuously enhance their skill set;
- instilling the quality assurance mechanism to further improve the practices being followed; and
- enhancing oversight of subsidiaries and affiliates from an Internal Audit perspective.

The GIA is led by the Group Chief of Internal Audit ("GCIA") who reports functionally to the BAC, while maintaining close coordination with the Bank's senior management and business functions.

7.7. Internal Sharia Audit

In addition to the Bank's GIA, DIB's independent Group Internal Sharia Audit Department ("ISAD") forms an integral part of DIB's internal control system (as part of the third line of defense) and its Sharia Governance Framework. The role of the ISAD is to provide independent assurance in respect of DIB's compliance with Sharia carrying out its responsibilities in line with the Bank's Sharia Governance Framework. ISAD also provides assurance to the adequacy, efficiency and effectiveness of DIB's Sharia governance, Sharia non-compliance risk management and internal Sharia control processes. To achieve independence, employees within ISAD are organisationally independent of all other functions in DIB. To maintain this independence in the discharge of their responsibilities, ISAD employees are not assigned any business/operational activities of DIB. The ISAD closely coordinates with the GIA.

Internal Sharia audits are conducted throughout the year as per the Annual Sharia Audit Plan, as approved by the ISSC. Identified audit observations, along with the management responses and actions plan, are captured in the Internal Sharia Audit Reports, which are presented to the ISSC for resolutions on Sharia matters and then to the BAC for follow-up and monitoring purposes. All audit observations are logged and tracked to completion by ISAD. Regular follow-up is done with management to ensure that remedial actions are completed and identified risks are adequately mitigated. Open Sharia audit observations and their aging are reported to the BAC and actively monitored by senior management. The Group Head of ISAD met with the BAC twice during 2022.

In 2022 DIB continued to enhance and strengthen internal sharia audit through various initiatives including but not limited to:

- education of staff in preparation for attainment of Professional Certifications relating to Sharia Standards;
- enhancing exposure of staff to internal audit best practices and IIA standards and guidelines;
- working closely with GIA to exchange knowledge, experience and best practices;
- adoption of sophisticated templates for audit programs / reports / approaches; and

- enhancing oversight of subsidiaries and affiliates from an Internal Sharia Audit perspective.

The ISAD is led by the Group Head of ISAD who reports to the BAC.

7.8. How the internal control functions address material problems in the company or those disclosed in the annual reports and accounts

In the event of material issues or control gaps identified by the internal control functions that must be disclosed in the annual reports, a report is prepared regarding the matter and submitted to the BRCGC or BAC; the management takes the necessary measures to deal with each case, including providing the necessary clarifications, taking the required mitigating actions to deal with these cases. There were no material problems disclosed in the 2022 annual reports and accounts.

7.9. Number of reports issued by internal control functions

The internal control functions continue to report to the relevant Board committees at least on a quarterly basis, and whenever material information would require the attention of the Board. These reports cover all risk areas including but not limited to Credit, Liquidity, Market, Operational (covering conduct risk via annual conduct risk report), Technology (including information security).

8. General information

8.1. Statement of contributions made during 2022 in the development of the community and preservation of the environment

DIB is world renowned for being a leading Islamic bank contributing to the development of the global Islamic banking sector and promoting ethical and social practices that align with the principles of Sharia. As a socially responsible bank, DIB not only believes in financially empowering its customers but also positively impacting the community. DIB periodically disburses funds from its charity and Zakat funds for the benefit of the needy to meet their financial commitments adopting a thorough review process under the aegis of DIB's ISSC in order to ensure Sharia compliance. DIB has also instituted a committee to verify the authenticity of requests for financial assistance and to ensure adherence to the requirements set out by the ISSC in such regard. Please see DIB's 2022 Sustainability Report for more information.

8.2. Related party transactions

The Board has approved a Related Party Transactions policy which governs the Bank's transactions with related parties and aligns with the CBUAE's guidelines in this respect. All related party transactions must be undertaken on an arms-length to protect the interest of the bank and its shareholders. Related parties are obligated to disclose their related party interests in any transactions with the bank so that relevant review and approval conditions can be met. Please refer to notes of the Bank's 2022 financial statements for more information.

8.3. Insider trading

The Board has approved a Personal Trading Policy which sets out provisions relating to insiders, at both Board and employee levels, who engage in the trading of DIB's securities and the securities of DIB's listed Group entities in order to comply with relevant laws and regulations. Pursuant to DIB's Personal Trading Policy which is overseen by the Bank's Compliance function, an insiders list is maintained which includes Board members and employees and others who have access to material non-public information and could reasonably affect the market price of DIB's securities. Insiders are subject to the market controls implemented to safeguard against inside trading.

8.4. Comparative performance

The graph below represents DIB's comparative performance with the general market index during 2022:

8.5. Share price

The table below sets out DIB's share price in the market (closing price, highest price, and lowest price) at the end of each month during 2022:

Month	Close	Lowest Price in the Month	Highest Price in the month
30-Dec-2022	5.700	5.38	5.83
30-Nov-2022	5.680	5.68	5.97
31-Oct-2022	5.820	5.79	6.14
30-Sep-2022	5.980	5.73	6.2
31-Aug-2022	5.850	5.77	6.05
29-Jul-2022	5.880	5.35	5.91
30-Jun-2022	5.760	5.52	6.09
31-May-2022	5.950	5.69	6.57
29-Apr-2022	6.450	5.98	6.5
31-Mar-2022	6.170	5.73	6.63
28-Feb-2022	6.090	5.44	6.09
31-Jan-2022	5.500	5.36	5.55

8.6. Share ownership distribution

The table below sets out the distribution of shareholder ownership as on 31 December 2022:

Shareholder Category	Percentage of shares held			
	Individuals	Companies	Governments	Total
Local	41.9%	11.7%	28.6%	82.2%
Arab	2.3%	2.0%	0.0%	4.3%
Foreign	0.7%	12.1%	0.7%	13.5%
Total	44.8%	25.9%	29.2%	100.0%

8.7. Statement of shareholders owning 5% or more of DIB's capital

The table below sets out the details of shareholders who own more than 5% of DIB's capital as at 31 December 2022:

Major Shareholder	No. Shares Held	% Ownership
Investment Corporation of Dubai	2,024,955,636	27.97%

8.8. Shareholder distribution

The table below sets out how DIB's shareholders are distributed according to the size of the ownership as on 31 December 2022:

No.	Share ownership	Number of shareholders	Number of owned shares	% Ownership
1	Less than 50,000	16,164	164,298,558	2%
2	From 50,000 to less than 500,000	3,422	532,819,545	7%
3	From 500,000 to less than 5,000,000	892	1,353,151,964	19%
4	More than 5,000,000	160	5,190,474,310	72%

8.9. Investor Relations

DIB has a dedicated Investor Relations ("IR") function headed by the Head of IR and Strategic Communications to cater to the Bank's growing shareholder and investor base and ensure compliance with relevant regulations. DIB's IR function provides support to current and potential shareholders and investors in terms of servicing their investment needs as well as communicating

DIB's investment story and performance in a transparent, accurate and timely manner to the financial market.

Throughout 2022, DIB organised webcasts, published presentations, and press releases to investors, analysts, and the media. This information is uploaded on the IR section of DIB's website to allow for accessibility on a user-friendly platform. In addition, DIB participates in various local and international investor roadshows to meet with existing and potential investors and provide an update on the Bank's current business position as well as on the general macro-economic environment.

The IR section of DIB's website https://www.dib.ae/about-us/investor-relations provides useful information including the following:

- Company information;
- Investor news and events;
- Financial information;
- Major financial events;
- Share information;
- Disclosures and publications; and
- Contact information, which includes the names of the IR team (including the Head of IR and Strategic Communications, Mr. Kashif Moosa) and the department's email for inquiries: investorrelations@dib.ae

DIB has a devoted mobile application (DIB Investor Relations) that enables shareholders and interested stakeholders to track the performance of DIB's shares, financial reports, dividend information and other relevant disclosures.

8.10. Statement relating to special resolutions presented in the 2022 AGM

The table below sets out the special resolutions passed at the DIB annual general meeting held on 1 March 2022:

Resolution	Status
A) To authorise the Board of Directors of the Bank to issue any senior Sukuk and/or other similar instruments which are not convertible into shares, whether under a programme or otherwise, in an aggregate outstanding face amount not exceeding USD 7.5 billion (or the equivalent thereof in other currencies) at any time and to authorise the Board of Directors to determine and agree on the date of issuance provided that such date does not exceed one year from the date of the General Assembly meeting, the amount, offering mechanism, transaction structure and other terms and conditions of any such issuance(s), provided that this is undertaken in compliance with the provisions of the Commercial	In November 2022 DIB successfully priced a landmark USD 750 million 5-year Sustainable Sukuk senior issue with a profit rate of 5.493% per annum.

Resolution	Status
Companies Law and any regulations or guidelines issued by any governmental or regulatory authority pursuant to such law and after obtaining approvals which may be required from the relevant competent regulatory authorities.	
B) To amend and restate the Articles of Association of the Bank and to authorize the Board or any person so authorized by the Board, to take all the necessary measures to issue the amendment and restatement of the Bank's Articles of Association.	Accordingly, the Bank took the approvals of the competent authorities and published the Amended and Restated Articles of Association in the Official Gazette.

8.11. Board Secretary

Mr. Mohamed Alsayed Wahb was appointed as the Board Secretary in June 2020 with the responsibilities of ensuring the efficient administration of Board affairs, with particular regard to acting as the focal supporting point for the Board to discharge its duties and ensure that decisions of the Board are implemented in compliance with statutory and regulatory requirements.

Mr. Wahb is an experienced banker and corporate secretary with over 20 years of international banking experience mainly in corporate finance, credit approval and board affairs. He served in several capacities in various international banks. He completed the Board Secretary certification from Hawkamah in 2020. Mr. Wahb holds a Master Degree in Applied Finance and Banking (MAFB) from the University of Wollongong, Australia and a Master's degree of Business Administration (MBA) in Investment & Finance from Arab Academy for Science Technology and Maritime Transport, Egypt. He also holds a Bachelor's degree in Accounting from Ain Shams University, Egypt.

8.12. Statement of major events and important disclosures in 2022

January

- DIB announced its financial results for the financial year which ended on 31 December 2021, where a group net profit of AED 4,406 million was recorded.

February

- DIB successfully priced a landmark USD 750 million 5-year Sukuk issue with a profit rate of 2.74% per annum, the first Sukuk from the United Arab Emirates in 2022, paving the way for other issuers to access the international Sukuk market.
- DIB published its 2021 integrated report.

March

- DIB convened its first hybrid annual general meeting at which, amongst other matters, the 2021 financial statements were approved, a cash dividend of 25% was approved and the appointment of the members of the ISSC was confirmed.
- The Board accepted the resignation of executive director, Mr. Abdulla AlHamli, from the Board effective from 17 March 2022.

April

- DIB announced its financial results for the 3-month period ended 31 March 2022, where a total group net profit of AED 1,345 million was recorded.

July

- DIB announced its financial results for the 6-month period ended 30 June 2022, where a total group net profit of AED 2,700 million was recorded.

September

- DIB announced its participation at the upcoming Ru'ya, Careers UAE Redefined – an annual fair offering job and training opportunities for Emirati youth.

October

- DIB announced the financial results for the 9-month period ended 30 September 2022, where total group net profit of AED 4,101 million was recorded.
- DIB published its sustainable finance framework created to facilitate the financing of green and social initiatives and projects.

November

- DIB successfully priced its inaugural Sustainable Sukuk, a landmark USD 750 million 5-year senior issue with a profit rate of 5.493% per annum.
- DIB announced its strategic alliance with Al Ramz Corporation aimed at leveraging capital markets services and expand financial offerings to customers.

8.13. Emiratisation

The emiratisation percentage in DIB at the end of 2020, 2021 and 2022 is as follows:

Year	Total Number of employees	Total Number of UAE Nationals	Percentage
2020	1,942	890	45.8 %
2021	1,831	819	44.7 %
2022	1,920	864	45%

8.14. Statement of innovative projects and initiatives carried out or being developed in 2022

- **Living the DIB values**: DIB launched a focused program centered around the Bank's ICARE values with the objective to further embed these values throughout the Bank and drive the organisational culture to enable the fulfillment of the Bank's purpose and alignment with the Bank's vision.

- **Evolve:** As a leader in the auto finance market, DIB introduced "EVolve" auto finance, a holistic solution aimed at contributing to a cleaner environment by providing solutions for sustainability minded customers for the purchase of electric and hybrid cars.

- **Digital Transformation:** DIB introduced an advanced digital platform to enhance accessibility and customer experience which supports services such as Whatsapp banking.

- **Advanced Machine Learning and AI:** Implemented a deep learning and AI platform to initiate relevant real-time offers to customers driving customer experience and business growth.

- **Digital KYC Journey:** DIB entered a collaboration with the UAE Ministry of Interior with the objective of digitising it's know your customer journey through a new-age facial recognition service, while also offering the capability to complete validation checks for new customers opening account with DIB.

- **DIB Sustainable Finance Framework**: DIB was the first Islamic bank in the UAE to publish its Sustainable Finance Framework which was created to facilitate the financing of green and social initiatives and projects.

- **Youth Financial Empowerment:** Through its partnership with KFI Global DIB supported financial education for Gen Z with over 1,750 students benefiting from the program.

- **DIFC Fintech Hive:** DIB collaborated with Fintech Hive at DIFC to launch the 2022 Fintech Accelerator and acted as an "Associate Financial Institution Partner". In the program, the Fintech Hive onboards financial industry partners, and selects startup from scouting pools. The program connects financial industry partners with the selected startups to present their different startup ideas/ presentation.

- **UAE Trade Connect (UTC):** DIB went live as a consortium member of UTC – a multi-award winning platform recognized as 'Outstanding Innovation in Trade Finance'. UTC is the first commercialized blockchain platform of its kind in the UAE) ; launched commercially on 19 April 2021, built on advanced technologies with artificial intelligence and machine learning capability with the potential to support areas such as de-risking fraud and duplication of invoice financing transactions.

- **Trade Club Alliance (TCA) :** DIB hosted the TCA's 2022 consortium General Assembly through a 2-day session, engaging 30 people from various banking institutions, with the aim to enhance UAE market visibility in the international trade space.

- **Government Youth Summit 2022:** DIB participated as a strategic sponsor in the 2022 Youth Summit under the theme "Building a resilient future by championing youth". The Summit brings together dignitaries, policy makers, government officials, top executives from public and private sector to encourage all organizations to identify and explore various initiatives, strategies and success stories, further boosting the cumulative efforts in achieving the national agenda of GCC nations that focuses on strengthening the future of the youth workforce.

- **Seamless Middle East 2022:** DIB participated in the Seamless Middle East 2022, a global 2-day conference with over 300 speakers covering the latest trends, market disruptors and technologies shaping the payments, fintech, retail and e-commerce world. DIB's Chief

Consumer Banking Officer took part in the event as a panel speaker in the session titled: Regional Panel: Enabling industry wide innovation with interoperability and compatibility: the decentralized payments of the future bank.

- **Buna:** DIB, in line with its digital transformation strategy, became the first Islamic bank in the UAE to join the Arab Monetary Fund's Buna system. The 'Buna' system is the Middle East's new cross-border platform for the Arab region which will enable financial institutions to send and receive cross-border multicurrency payments in a safe, cost-effective, risk-controlled and transparent manner.

- **Inaugural Sustainable Sukuk:** DIB issued its inaugural USD 750 million Sustainable Sukuk in line with its Sustainable Finance Framework. This was the first ever Sustainable Sukuk from a UAE Financial Institution.

- **Customer Experience:** DIB ran various events during international customer service week which facilitated a celebration of customer service and direct engagement with retail customers. DIB also unveiled its customer charter #AllAboutYou, a promise that reflects DIB's commitment in providing customers with banking services that are simple to understand, delivered in a responsible manner and in accordance with the highest standards of integrity.

Dubai Islamic Bank

Appendix: Board Member External Positions

Name	Membership/positions in UAE joint stock companies	Other material regulatory, government or commercial positions
H.E. Mohammad Al Shaibani	• Chairman, Nakheel Pvt. JSC	• Director General, H. H. Dubai Ruler's Court • Managing Director, Investment Corporation of Dubai • Vice Chairman, Supreme Fiscal Committee of Dubai • Member, Executive Council of Dubai • Director, Dubai World • Director, Dubai Aerospace Enterprise Ltd • Chairman, Kerzner International Holdings • Chairman, Inchcape Shipping Services • Deputy Chairman -World Expo 2020 • Chairman - Supreme Committee for the supervision of the international Humanitarian City (IHC) • Chairman of the Board Directors – Meydan • Director -Corporation America Italia (CAI)
Eng. Yahya Saeed Ahmad Nasser Lootah	• Chairman, Noor Bank PJSC1	• Vice Chairman, S.S. Lootah Group • Vice Chairman & CEO, SS Lootah International Investment Group • Chairman, BC Lootah Gas LLC • Managing Director, Material Lab Testing Services LLC • Managing Director, Lootah Gas Consultancy Services • Managing Director, BC Gas Utility L.L.C • Managing Director, SS Lootah Real Estate L.L.C • Managing Director, Lootah Gas P J (L.L.C) • Managing Director, S.S LOOTAH CONTRACTING CO (L.L.C) • Managing Director, BC Gas Construction L.L.C • Managing Director, S.S. Lootah International. (L.L.C) • Managing Director, Big Vault Self Storage L.L.C • Managing Director, International Energy Group L.L.C. • Managing Director, Y SI International L.L.C • Managing Director, ZAS International Investment (L.L.C) • Managing Director, S Lootah Steel Fabrication L.L.C. • Managing Director, SS Lootah Electromechanical Works L.L.C. • Vice chairman, Dubai Medical University

Name	Membership/positions in UAE joint stock companies	Other material regulatory, government or commercial positions
Mr. Abdulla Ali Obaid Al Hamli	• Chairman, Deyaar Development PJSC • Chairman, of Tamweel PJC • Director, Noor Bank PJSC[1]	• Chairman, Emirates REIT • Chairman, Al Tanmyah Services L.L.C.
Mr. Hamad Abdulla Rashed Obaid Al Shamsi	• Chairman, Amanat Holding PJSC • Director, Taaleem PJSC • Director, Marka PJSC	• Chief Executive Officer, International Capital Trading LLC • Director, Kuwait Food Co.
Mr. Ahmad Mohammad Bin Humaidan	• Director, Noor Bank PJSC[1]	• Deputy Director General, H.H. Dubai Ruler's Court • Board Member, Dubai Judicial Institute • Board Member, Hamdan Bin Mohammed Smart University
Mr. Abdulaziz Ahmed Rahma Al Mheiri		• Chairman, Supervisory Board of Bosna Bank International • Director, Borse Dubai • Board Member, Hamdan Bin Mohammed Smart University
H.E. Hamad Mubarak Buamim	• Chairman, National General Insurance PJSC • Director, Istithmar World PJSC • Vice Chairman, Deyaar Development PJSC	• Chairman, Dubai Multi Commodities Centre • Director, Economic Zones World Dubai • Director, Dubai Free Zone Council • Director, UAE Banks Federation • Managing Director, Dubai World • Board Member, International Hotel Investment • Honorary Chairman, World Chambers Federation -ICC Paris • Member, Judicial Committee on Disputes Related to Saeed Juma AL Nabooda(Gov related) • Member, Judicial Committee on Disputes Related to Mohammed Saeed Al Mulla (Gov. related)
Mr. Abdulla Hamad Rahma Al Shamsi		• Managing Director, Alshamsi Investments LLC
Mr. Javier Marin Romano		• CEO of Singular Bank (Spain) • Board Member, Frontier Economic • Member Board of Superintendence, IOR Religion Works Institute, The Vatican

Name	Membership/positions in UAE joint stock companies	Other material regulatory, government or commercial positions
		• Member of Patronage, Valencia Catholic University

[1] The operations of Noor Bank PJSC were integrated with the operations of DIB with effect from November 2020.

بنك دبي الإسلامي

Dubai Islamic Bank

#ReadyForTheNew

SUSTAINABILITY REPORT

2022

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CHAIRMAN'S MESSAGE

His Excellency Mohammed Ibrahim Al Shaibani

Director General of His Highness The Ruler's Court of Dubai and Chairman of Dubai Islamic Bank

The UAE has successfully cemented its position as a symbol of economic and technological progression and is acknowledged globally amongst the best nations to live and work in the world today. These progressions have led to many national achievements that have created benchmarks and have set the pace of development in the region.

As the global economy moves towards a more sustainable environment where the preservation of natural capital has now become a top priority, the UAE have been persistent in its support of the United Nations Sustainable Development Goals (UN SDGs) whilst making strong progress towards its national indicators and initiatives on the UN SDGs.

I am delighted to share with our stakeholders the Bank's progress on the ongoing sustainability journey laid out in the DIB 2022 Sustainability Report and the milestones achieved so far. The report is also a testament to the strong ambitions that the Bank has to become a leading sustainable financial institution in the region and beyond.

The Bank remains committed to playing a critical role in improving the livelihoods of the community with proactive support for humanitarian causes in areas such as healthcare and education amongst others which have benefited around 70,000 needy beneficiaries. These contributions have expanded beyond the UAE into Central Asia supporting infrastructure development in underdeveloped areas as well as helping alleviate food scarcity in Eastern Africa. In addition, the Bank participated in the 1 billion meal campaign by the Mohammed Bin Rashid Al Maktoum Global Initiative where humanitarian support was provided by distributing food from the UAE to vulnerable communities in 50 countries, a landmark milestone for the UAE, which DIB was proud to be part of.

With the UAE hosting another significant global event this year - COP 28 which is backed by the United Nations, the Bank has started to work with various local authorities to ensure that the UAE and the world continue to advance on global climate aspirations. The Bank remains committed to facilitating proactive and high-level dialogue between key stakeholders, policy makers, regulators as well as businesses, and the international investor community, geared towards minimising undesirable and harmful activities that can impair the global environment.

As evidence of the Bank's pursuit in this space, the first Sustainable Finance Framework was established followed immediately by the inaugural sustainable Sukuk issuance by any financial institution in the UAE.

As a leading Islamic bank of the nation and the world over, DIB is proud to spearhead the sustainability agenda within the banking sector collaborating with other players to achieve the common objective of supporting the UAE's ambitious vision to lead the world in launching initiatives that serve human communities and enable them to achieve the UN SDGs.

GROUP CEO'S MESSAGE

Dr. Adnan Chilwan

Group Chief Executive Officer of Dubai Islamic Bank

From being a young nation that was formed just over 51 years ago, to today, a country that is a force to reckon with, the UAE has been constantly fuelling its ambitions to be a leader of change, progression, and a front-runner in the global sustainability space.

While the nation continued to progress on its environment and climate ambitions which saw major pledges on Net Zero and setting up the pathway towards hosting the upcoming COP 28, the leadership of Dubai remains committed to its sustainability ambitions placing them as amongst the top priorities for the year in line with the recently launched Dubai Economic Agenda D33.

As an organisation that has grown hand in hand with this great nation, Dubai Islamic Bank has aligned its ambitions and ESG Vision to that of the UAE underscoring its commitment to supporting the sustainable economic development of the country. Accordingly, the year saw the acceleration of our ESG ambitions with major milestones and landmark transactions achieved during the period.

The launch of DIB's Sustainable Finance Framework followed by our inaugural Sustainable Sukuk of USD 750 million sets out the Bank's strong commitment to allocating financing towards eligible green and social projects in key areas such as renewable energy, clean transportation, green buildings, and affordable housing to name a few. The Bank has also significantly expanded its ESG funding during the year booking new green financing of approximately AED 1 billion within corporate sectors. In addition, our commitment to the environment has been gaining momentum over the past several years having participated in more than USD 7 billion of green Islamic capital market transactions globally.

We note the critical importance of the threat posed by climate and environmental risks globally and have strengthened our risk management models and frameworks to incorporate ESG risks as part of the due diligence in our banking activities. ESG risk policies as well as ESG credit risk scorecards for corporate customers are some of the enhancements that have been made which will help the bank mitigate the impact of climate, environmental and social risk.

We have started engaging with key stakeholders such as regulators, UN agencies, and international environmental and sustainability rating agencies to help the Bank strengthen its sustainability reporting disclosures and explore commitments towards reducing our carbon footprint through strategic alliances and partnerships.

As a result of our ongoing efforts to upscale our sustainability aspirations, we have enhanced the DIB Sustainability Report for 2022 with improved disclosures and expanded coverage. This ensures that we aim to cover, monitor, and assess the impacts of our operations within the UAE. The report also highlights the key strategic ESG objectives which the Bank will focus on in the coming years. These enhanced objectives have been developed following a refresh of our stakeholder materiality exercise given the fast-evolving market dynamics, changing regulations and new national agenda announcements by the government toward making the country a hub for sustainability. This has also enabled DIB to realign its focus on high priority issues that are important to the Bank and its stakeholders and to further set the strategic focus towards building a more sustainable financial institution that will lead in this space.

We at DIB are excited to see the Bank's sustainable transformation taking shape as we inject ESG into our business operations. DIB will not just be a financial enabler towards the UAE's green economy ambitions, but also a catalyst for sustainable development in the region and the world at large in the years to come.

OVERVIEW OF THE REPORT

(GRI 2-2, GRI 3-2)

About this Report

We present our second Sustainability Report which provides an insight into the processes being followed by the bank and its incessant endeavours to build a unified path for development and conservation. This report outlines how we live our ESG vision to "Own the ESG Space" and it represents an additional channel where we are able to communicate with stakeholders.

This report highlights our ESG activities and progresses pertaining to the period from 1 January 2022 to 31 December 2022, unless otherwise stated. Any material events after 31 December 2022 and up until the Board approval of this report on 24 January 2023, have also been included to form part of this report.

The information presented in this report has been prepared in reference to the Global Reporting Initiative (GRI) 2021 standards and the ESG Reporting Guidance issued by Dubai Financial Market (DFM) in 2019. The report also outlines our contribution to relevant UN SDGs.

At DIB, we follow an operational control approach to our sustainability reporting, and the scope of the report covers operations in our control in the UAE, including our headquarters, corporate offices, and branches. The scope boundary of our ESG performance data is disclosed within the data performance tables and the supplementary information in the appendix of this report. We intend on expanding our scope in the future to include subsidiaries in and outside of the UAE to enhance our reporting on our ESG performance for the Group. Our financial performance figures however cover all of DIB's Group (Dubai Islamic Bank and its subsidiaries) in and outside of the UAE.

Contact point

For all queries and further information about this report, please contact investorrelations@dib.ae.

Assurance

Our non-financial disclosures have been audited by our internal stakeholders who revised and approved the published data. Our financial disclosures have been independently audited by Deloitte.

About DIB

We are one of the largest (in terms of assets) and first full-service Islamic banks in the world. We provide banking and related services based on Islamic Sharia principles to a wide range of customers within the retail, corporate and consumer banking with the primary objective to maintain our position as the leading Islamic financial institution in the Middle East region as well as in other selected strategic markets. DIB is listed on the Dubai Financial Market (DFM) as a public joint stock company and has been registered under the Commercial Companies Law No 8 of 1984.

History, Foundation & Journey of the Bank

Officially inaugurated in 1975 by HH Shaikh Rashid bin Saeed Al Maktoum, DIB was the world's first full-fledged Islamic bank, adopting the principles of Sharia in all its practices. Over the past 47 years, we have established ourselves as the leading Islamic bank in the UAE and continue to set the tone for Islamic Finance to be viewed as a strong and viable option to conventional banking.

Reflecting our long-term vision and purpose, DIB embraced a newly introduced positioning #ReadyForTheNew as a new norm for banking, to move ahead into the future and embrace all opportunities. This aligned with our overall vision to be the most progressive Islamic financial institution in the world.

With a portfolio of over 5 million customers across the DIB Group, we continue to offer our consumer base a range of innovative Sharia compliant products and services including a selection of new sustainable products, across our geographical footprint.

Ownership structure

Dubai Islamic Bank is %27.97 owned by the Investment Corporation of Dubai, which is the principal investment arm of the Government of Dubai; whilst the remaining majority of the shareholding is open to the public.

In 2001, the Group acquired a %27.3 stake in Bosna Bank, the first Sharia-compliant bank in Europe. Following this in 2005, DIB acquired a %60 stake in the Bank of Khartoum (BoK) in Sudan and since then has been reducing it to a current %29.5. Additionally, during the same year, it established a representative office in Turkey. In 2006, the Group established DIB Pakistan, the Bank's first %100 owned subsidiary, offering Islamic banking services in Pakistan. In 2014, the Group expanded its track to Indonesia and acquired a %24.9 stake in PT Bank Panin Dubai Syariah which increased to %38.3 in 2015, and currently stands at %25.1. Finally, in 2017, the Bank expanded its footprint into Africa obtaining a banking licence to operate a %100 wholly owned subsidiary in the form of DIB Bank Kenya.

WHAT IS DIB PRIMARILY ENGAGED IN? (GRI 2-6)

The principal activities of the Group are focused on five core business areas: (i) Consumer Banking; (ii) Corporate Banking; (iii) Real Estate & Contracting Finance; (iv) Investment Banking; and (v) Treasury.

Consumer Banking

Having served more than 2 million customers in the UAE, our Consumer Banking division offers its retail and business banking services through a network of over 50 branches and nearly 600 ATMs and CCDMs across the UAE. We offer a broad range of retail products and services that include: Auto Finance, Sharia-compliant Cards, Personal Finance, Home Finance and SME Solutions.

Corporate Banking

Our Corporate Banking division has sector-specific focus units which target clients across both the private and public sectors. Corporate Banking manages relationships, including sovereigns/ GREs, large corporates, middle market, contracting finance and real estate finance companies, and is instrumental in leveraging its client relationships to cross-sell other products offered by DIB, including investment banking and treasury services.

Investment Banking

Investment Banking is a leading regional and global participant in the Islamic finance markets, assisting its clients, which include sovereigns, government-related entities, corporates and financial institutions, with every aspect of their funding requirements. The division provides innovative Sharia-compliant capital raising and structured financing solutions and have a diversified product suite with a focus on sukuk structuring, execution and syndicated and club financing transactions including advisory.

Treasury

Treasury offers a comprehensive range of products backed by DIB's expert understanding of local and international markets. Its principal customers are corporate clients, financial institutions, high net worth individuals and SMEs. It is also responsible for managing DIB's liquidity requirements, fixed income portfolio and capital markets funding.

Real Estate & Contracting Finance

The Group plays a significant role in supporting corporate real estate developments, including the construction of the commercial property and residential estates. Standard Islamic financing products being offered include: Istisna financing, Murabaha acquisition finance, Diminishing Musharaka, and Ijara Lease financing.

Why is ESG important to DIB?

In line with our 2030 ESG Strategy and driven by the UAE's long-term Net Zero agenda, the Bank has placed a strong focus on sustainability, while supporting key initiatives in Dubai and the rest of the UAE. Being one of the world's leading Islamic financial institutions, ESG and Corporate Social Responsibility ("CSR") have always been part of our Islamic Financing principles and DNA.

With our strong focus on sustainable, green and social financial products and services, we recently published our Sustainable Finance Framework and have begun issuing Sustainable Sukuks.

DIB'S GEOGRAPHICAL FOOTPRINT (GRI 2-1)

DIB's geographical footprint covers the UAE, Indonesia, Pakistan, Kenya, Bosnia, Turkey and Sudan.

International Geographic Presence & Branch Numbers

Corporate Vision:

To be the most progressive Islamic financial institution in the world.

Purpose:

To instil simplicity and convenience in all our offerings through a personal and engaging experience aligned to global sustainable practices for a better future.

THE DIB VALUES

The values of an organisation define not just the ethos of the company, but it sets the tone for what shareholders, customers and societal stakeholders can expect from an organisation. DIB's vision has been further strengthened with a revised purpose and positioning complemented by a set of 5 key values - ICARE, aimed at serving customers globally with the same business conduct and ethics.

- **I** Inclusive - Accessible to all, and most importantly, without bias.
- **C** Collaborative - Connected together as a team to deliver banking with ease.
- **A** Agile - Deliver faster solutions and provide happy experiences.
- **R** Responsible - Fair, transparent and accountable in making responsible decisions
- **E** Engaged - Passionate and committed to delivering fulfilling journeys.

MEMBERSHIP ASSOCIATIONS FOOTPRINT (GRI 2-28)

At DIB, we work alongside key industry groups within the UAE region with a focus on Islamic financing, sustainable financing and investor relations.

- Dubai Sustainable Finance Working Group (DSFWG)
- Middle East Investor Relation Association
- Dubai Financial Market (DFM)
- UAE Banks Federation
- Emirates Institute for Banking and Financial Studies (EIBFS)
- Islamic Financial Services Board (IFSB)

SPOTLIGHT ON AWARDS AND ACHIEVEMENTS

We have been recognised across different platforms for our leadership, excellence, and commitment to providing shared value to our stakeholders. DIB continues to be differentiated across the financial services industry for its inclusive growth initiatives time and again. The following awards, won this year, reaffirm the importance of such initiative and new ideas, that resonate with the Bank's core values of being progressive, and innovative.

MONTH	AWARD BODY	AWARD RECEIVED
November 2022	MEA Finance Awards 2022	Best Islamic Bank - UAE Best Sukuk Deal of the Year Best Sustainable Finance Initiative Banker of the Year - Dr. Adnan Chilwan
August 2022	Forbes Middle East	DIB ranked 10th amongst the Middle East's Top 30 Banks 2022
July 2022	Emirates Institute for Banking and Financial Studies (EIBFS)	The Best Engagement in the Training & Emiratisation Award
June 2022	GCC GOV Youth Empowerment Awards 2022	Organisation of the Year for Youth Empowerment in Banking and Finance
June 2022	Forbes Middle East	DIB ranked amongst the Middle East's Top 100 Listed Companies 2022
May 2022	Islamic Finance News Awards	Kuwait Deal of the Year Best Islamic Retail Bank Best Islamic Bank - UAE Sovereign & Multilateral Deal of the Year Best Islamic Bank - DIB Kenya Hybrid Deal of the Year Turkey Deal of the Year Saudi Arabia Deal of the Year Overall Deal of the Year Overall Best Islamic Bank
May 2022	MEA Finance Banking Technology Awards 2022	Best Digital Innovation in Islamic Banking of the Year Best Islamic FinTech Solutions Implementation - Rabbit by Dubai Islamic Bank
January 2022	Al Bayan Magazine	DIB ranked 11th amongst Top 150 Arab Banks in the Middle East

Social Media Numbers

DIB's social media channels form an integral part of the Bank's external communications mix. The platform has developed a deep & loyal followership over time and achieved the distinction of being the most followed Islamic Bank in the world on LinkedIn in 2022.

DIB social media channels deliver market leading engagements with a prime mix of brand, CSR and product conversations to achieve the goals of creating top of mind awareness and acquiring new to bank customers in the consumer banking space.

DIB is a market leader in the UAE banking social media space with a strong focus on high performing and engaging content, and customer interactions. DIB also benchmarks itself to international players and delivers on global best practices

DIB is an active player in the CSR and ESG space with social media being one of the key channels that forms a direct two-way communication link with the community especially the digitally savvy generation that aligned with the sustainability agenda.

	2020	2021	2022*
Engagement	1.3 million	2.2 million	13 million
Impressions	66.2 million	136 million	377 million
Followers	795k	903k	1.03 million

*Implementation of an advanced AI based acquisition approach and alignment to ongoing algorithmic upgrades by social media platforms resulted in a significant increase in engagements and impressions during 2022.

Financial Highlights 2022

The Bank reinforced its robust position as a leading Islamic financial institution, delivering solid performance during the year across all businesses and divisions despite the subdued financial market activity and a volatile geo-political environment. Our sustained strong performance over the past five years has allowed the Bank to grow with a CAGR of more than 4%, which is a testament to our continued focus on enhancing shareholder value. DIB is also well positioned to gain from the quick economic recovery after the global pandemic as the UAE gears itself to be a global hub for business, tourism, innovation, and sustainability.

Please refer to the data tables and to the financial statements for more information.

Credit Ratings

DIB's robust financial position is evidenced by the strong investment-grade credit rating provided by 3 international rating agencies. These ratings are supported by the bank's strong Islamic franchise, growing consumer business, solid liquidity and capital position, and improving profitability and asset quality metrics.

CREDIT RATING AGENCY	RATING	OUTLOOK
Moody's	A3	Stable
Fitch Ratings	A	Stable
Islamic International Rating Agency (IIRA)	A+/A1	Stable

ESG HIGHLIGHTS FOR THE YEAR

Our ESG highlights for 2022

1. Sustainable Finance Framework: We published our Sustainable Finance Framework which was assessed by Institutional Shareholder Services (ISS) ESG. The framework facilitates the financing of projects with social and environmental benefits in eligible financing categories.

2. Issuance of US $705 million Sustainable Sukuk: First UAE bank to issue a Sustainable Sukuk and the largest one to come out of the GCC highlighting our strong commitment to Sustainable Finance, UAE's Net Zero agenda and the Dubai Clean Energy Strategy.

3. 2030 ESG Strategy: We have formalised our 2030 ESG Strategy comprising our ESG Vision, objectives, and strategic priorities and are on course to define the rest of our commitments.

4. ESG Credit Risk scorecard: We developed our ESG credit risk scorecard for corporate portfolios with the objective of capturing ESG risks that can affect the credit quality of DIB's customers across all sectors.

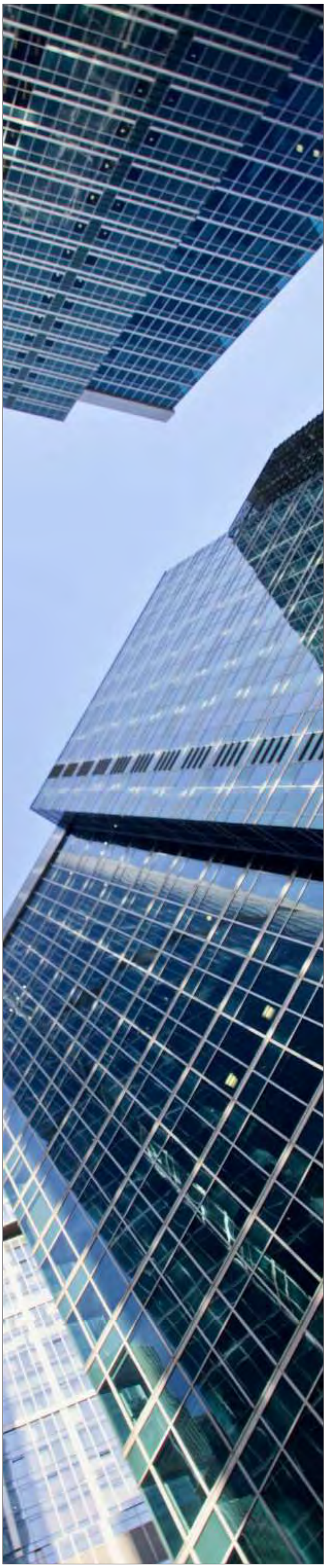
5. ESG Credit Risk Policy: We developed our ESG credit risk policy, which forms an extension of our wider credit risk policy, with the objective of highlighting the process of integrating ESG risks into the existing risk management framework.

6. Sustainable Finance: We have started to channel our financing portfolio to projects that promote the green transition and provide social and environmental benefits.

7. EVolve Auto Financing: We introduced "EVolve" Auto Finance, a holistic green solution that contributes to a cleaner environment encouraging customers to buy Electric and Hybrid cars.

8. Dubai Can: We participated as a key partner to Dubai Can and helped save the use of more than 136,000 plastic bottles (500 ml).

9. Waste recycling: We have partnered with authorised waste management service providers to recycle the waste generated in three of our selected branches.



CONTRIBUTION TO UN SDGS AND THE UAE VISION

Our contribution to the UN SDGs

At DIB, we believe our business values as an Islamic institution are strongly aligned to the UN SDGs, which resonate with the philosophy of ensuring a sustainable, resilient and inclusive future. We contribute to the below UN SDGs and will continue to do so in the future.

UN SDGS	ACTIONS ON UN SDGS
2 ZERO HUNGER	**Zero Hunger** Contributed over AED 11 million in humanitarian programmes that support distribution of food to vulnerable communities.
3 GOOD HEALTH AND WELL-BEING	**Good Health and Wellbeing** 1768 employees participated in the DIB Active Programme that focused on employee health and wellbeing. Launched Breast Cancer Awareness Programme for women employees and their families. Provided more than AED 30 million in charitable contributions for supporting patients in need.
4 QUALITY EDUCATION	**Quality Education** Contributed over AED 10 million to programmes supporting underprivileged students and low-income families.
5 GENDER EQUALITY	**Gender Equality** We continue to actively pursue gender diversity in our workforce and our current female representation stands at 695 female employees, representing 36% of our workforce.
8 DECENT WORK AND ECONOMIC GROWTH	**Decent Work and Economic Growth** Stable economic performance with balance sheet size of nearly AED 290 billion.
10 REDUCED INEQUALITIES	**Reduced Inequalities** • 9 branches and 11 ATMs across UAE are fully accessible for people of determination, including wheelchair accessible teller counters, bathrooms, ramps and handrails. • DIB has provided nearly AED 2 billion of financing to SMEs including Middle Market.. • Partnered with KFI Global, a provider of financial education for teens and young adults, and launched a campaign as part of its financial literacy programme. Over 1,750 students have benefitted from the programme since its launch.
11 SUSTAINABLE CITIES AND COMMUNITIES	**Sustainable Cities and Communities** In 2022, contributed around AED 24 million to projects supporting affordable housing or strengthening the local community and its families.
13 CLIMATE ACTION	**Climate Action** Launched our Sustainable Finance Framework, which facilitates increasing our sustainable financing activities by defining eligible projects. Issued $750 million of Sustainable Sukuk to facilitate financing of green, social and other sustainable initiatives and projects.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	**Peace, Justice and Strong Institutions** Strict Anti-bribery Policies. Close collaboration with the UAE government, due to ownership structures, to contribute to positive decision-making at all levels. Inclusive collaboration with NGOs and charities.

DIB CORPORATE GOVERNANCE STRUCTURE

(GRI 2-11, GRI 2-12)

At DIB, we maintain robust corporate governance practices and believe this is the foundation of maintaining a well-managed business with the interests of our stakeholders being met. We base our approach to corporate governance on 4 key principles - responsibility, accountability, transparency ,and fairness.

Our Corporate Governance structure (GRI 2-9)

Notes:

The Group Chief Risk Officer functionally reports to the BRCGC.

The Group Chief of Internal Audit functionally reports to the BAC.

The Group Head of Internal Sharia Audit reports to the BAC.

The Head of Internal Sharia Control Department reports to the Board.

The Group Chief of Compliance has direct access to the Board through the BRCGC.

Board Profit Distribution & Management Committee was established in December 2022 and shall commence operations in 2023.

The Board (GRI 2-13)

The Board is sufficiently diverse in its outlook and collectively has the appropriate balance of skills, experience, independence, and knowledge to enable it to discharge its responsibilities effectively. We acknowledge the importance of diversity as a driver of Board effectiveness and we are committed to supporting equal opportunities in line with our nomination policy.

At DIB, the Board has the responsibility to guide and approve our strategy, its vision, and its purpose and is supported by the following committees:

(a) Board Audit Committee (BAC);

(b) Board Credit and Investment Committee (BCIC);

(c) Board Nomination and Remuneration Committee (BNRC);

(d) Board Risk, Compliance and Gover nance Committee (BRCGC); and

(e) Board Profit Distribution & Management Committee (BPDMC) (Committee was established in December 2022 and will commence operations in 2023).

Board Audit Committee

The BAC assists the Board in oversight responsibilities with respect to the integrity of our financial statements and controls over financial reporting, relationships with our external auditors, their effectiveness and independence, performance, effectiveness, and independence of the Internal Audit function, Sharia Audit function, and effectiveness of Group internal audit functions.

Board Credit and Investment Committee

The BCIC assists the Board in fulfilling its oversight responsibilities with respect to credit, investment, and collection/remedial decisions within the discretionary authority delegated to it by the Board.

Board Nomination and Remuneration Committee

The BNRC assists the Board in fulfilling its oversight responsibilities with matters relating to the composition, succession, remuneration, and assessment of the Board and its committees and has oversight of our strategic human resource matters and the compensation system.

Board Risk, Compliance, and Governance Committee

The BRCGC assists the Board in fulfilling its oversight responsibilities regarding the implementation of our governance, risk management, compliance and control frameworks, and their related operation and monitoring DIB's risk exposures, and providing strategic direction to ensure risks remain at an acceptable level. The Committee also enables a Group-wide view of our current and future risk position relative to our risk appetite and capital strength and ensures our compliance with legal and regulatory obligations.

Board Profit Distribution & Management Committee

The BPDMC provides robust oversight and a sound monitoring function to ensure that profit equalisation, including utilisation of reserves such as Profit Equalisation Reserve (PER) and Investment Risk Reserve (IRR), is appropriately checked and monitored. (Committee was established in December 2022 and will commence operations in 2023).

Senior Management, led by the GCEO, reports to the Board and its committees as appropriate, and includes but is not limited to:

(a) The Group Chief Risk Officer, who reports to the Board Risk, Compliance and Governance Committee (BRCGC) and coordinates with senior management;

(b) The Group Chief Compliance Officer, who reports to the GCEO and has direct access to the Board through the BRCGC;

(c) The Head of Internal Sharia Audit, who reports to the Board and the ISSC (from a technical perspective) and coordinates with senio management;

(d) Group Chief Internal Auditor, who reports to the BAC and coordinates with senior management; and

(e) The Head of Internal Sharia Control Department reports to the Board and coordinates with senior management.

The Board and its committees continue to have oversight over the business and its operation, through a structured approach of reporting by senior management. Our financial performance, corporate strategy, risk management, corporate governance and people-related management is managed and monitored by the Board.

Please refer to our 2022 Corporate Governance Report for further information on the roles and responsibilities of the Board and its committees.

Senior Management

The Senior Management is led by the GCEO and is responsible to report to the relevant Board Committees and coordinate with other Senior Management teams.

Our forward-looking ESG oversight (GRI 2-14)

We recognise the importance of embedding ESG considerations into our strategy, risk management, and governance practices to ensure long-term value creation. Our developing commitments and targets taking part in our 2030 ESG Strategy will require oversight in order to progress toward meeting our goals. This will require robust ESG governance practices that will include structures and processes that enable DIB to set targets and measure and report against these targets. We are in the process of defining our ESG Governance Framework. The Governance Framework will aim to set out our ESG oversight at various levels within our organisation and will include operational and strategic responsibilities across each level. We recognise that these governance practices are critical in providing accountability and will be guided by purpose-driven ESG leadership from the Board and senior management.

Our current ESG risk governance (GRI 2-12)

As we continue to develop our 2030 ESG Strategy, we have integrated ESG into our risk management framework which is supported by our ESG credit risk scorecard and ESG risk policy. These two serve as a crucial part of establishing our ESG risk appetite and are consulted when assessing our ESG risk threshold. Currently, our Board has oversight of our ESG risk appetite statements and manages the risk with the support of the BRCGC.

Managing ESG risk is a priority for our business. Accordingly, our new 2022 ESG risk policy introduces our three lines of defence in alignment with our overall risk framework as follows:

First line of defence: assess risks at client onboarding and throughout financing decisions while engaging with clients to gather information on their ESG risks and mitigation plans.

Second line of defence: supports the first line of defence in understanding and assessing ESG risks. As part of this line of defence, ESG risk policies, frameworks, and risk management tools are developed to further integrate ESG risks in our decision making.

Third line of defence: reviews the adequacy and compliance of the ESG risk management framework.

More information on how DIB oversees and mitigates ESG risks can be found in our “Embed ESG into decision making” section.

Business ethics: (GRI 2-27)

Conflicts of Interest (GRI 2-15)

At DIB, we aim to have full transparency of our business to all stakeholders. We regularly assess our practices and work to enhance these in the interest of our business and customers. DIB has a Conflict of Interest Policy to ensure the Board and Senior Management act in accordance with our values and UAE legislation. This policy is reinforced by the Codes of Conduct that apply to the Board and all employees.

Actual, potential or perceived conflicts are addressed in line with the Conflict of Interest Policy. Directors comply with the provisions set out in our Directors’ Code of Conduct and the Board’s Terms of Reference in respect of conflicts of interest management.

Sharia Compliance (GRI 2-27)

We have developed our Sharia Governance Framework to guide our business in all transactions. This framework structures the roles and responsibilities within the Bank and ensures our resilience and compliance with Sharia Principles.

DIB has an Internal Sharia Control Department (ISCD) whose role is to monitor the Bank’s compliance with Islamic Sharia. Information relating to Sharia compliance is embedded within reporting to the BRCGC who may invite the Head of the ISCD to present and discuss any issues at Committee meetings. The ISCD works under the guidance of the Internal Sharia Supervisory Committee (ISSC), composed of scholars who independently supervise transactions, activities, and products and ensure they are compliant with Sharia in all its objectives, activities, operations, and code of conduct.

DIB also has an independent Group Internal Sharia Audit Department (ISAD) which forms an integral part of DIB’s internal control system (as part of the third line of defence) and its Sharia Governance Framework. The role of the ISAD is to provide assurance in respect of DIB’s compliance with Sharia carrying out its responsibilities in line with the Bank’s Sharia Governance Framework. The ISAD closely coordinates with the Group Internal Audit Department of DIB.

Codes of Conduct (GRI 2-17)

Directors’ Code of Conduct: Our Directors’ Code of Conduct sets out principles of ethics and conduct to guide Directors in performing their responsibilities.

Employee Code of Conduct (GRI 2-23): Our Code of Conduct outlines the rules of behaviour for our employees when dealing with colleagues, customers, suppliers, shareholders, and our community stakeholders, and covers topics such as whistleblowing, sharia principles, conflicts of interest and our information security guidelines. Upon joining and annually thereafter, employees electronically sign a declaration form confirming that they have read and understood the Code of Conduct and disclose any personal interest that may conflict with that of the Bank and its customers’ interests.

It is the collective responsibility of everyone at DIB to uphold our culture of no tolerance for breaches and to act in the spirit of the Code of Conduct. We, therefore, provide access to training through the digital knowledge platform and distribute periodic emails highlighting key aspects of the Code of Conduct for employees to refresh their knowledge.

Anti-Corruption and Fraud
(GRI 205-2)

Our anti-corruption and fraud practices are communicated thoroughly to all employees upon joining DIB. In 2022, all employees received communication on our anti-corruption policies and procedures, with a total of 117 employees undergoing anti-corruption training and we aim to increase this number across relevant functions.

Whistleblowing
(GRI 2-16, GRI 2-26)

We are committed to upholding the highest level of business ethics. As a leading Islamic financial institution, we promote an internal climate in which employees can raise genuine concerns without fear with the aim of deterring others from engaging in unethical or criminal conduct. Our Whistleblowing Policy applies to current employees who can raise concerns internally and who have reasonable grounds for any fraudulent activity and misconduct.

Tax Transparency
(GRI 207-1,2,3)

At DIB, we understand our obligation to pay the due amount of tax, both ethically and legally. DIB operates with integrity in our tax compliance and reporting to ensure an honest and transparent relationship with all relevant stakeholders including government authorities, tax authorities, business partners, customers, and employees.

Compliance levels are monitored and reviewed on a regular basis by our tax team with any breaches treated as serious offences and reported to higher management.

Governance Policies (GRI 2-24)

The below policies are some of the policies that guide our corporate governance with employees, suppliers, auditors and investors. We review these policies annually and amend them according to regional and global requirements.

Anti-bribery and Anti-Corruption Policy	Internal Audit Charter
Personal Trading Policy	Remuneration Policy
Code of Corporate Governance	Related Party Transaction Policy
Conflict of Interest Policy	Group Sanctions Compliance Policy
Directors Code of Conduct	Sharia Governance Framework
Employee Code of Conduct	Stakeholder Engagement and Disclosure Policy
External Auditor Policy	Whistleblowing Policy
Group Anti Money Laundering combating financing of terrorism and KYC policy	Outsourcing Policy

Please refer to our 2022 Corporate Governance Report where you can find further information on policies, procedures and additional insights.

DIB'S ESG VISION AND 2030 ESG STRATEGY (GRI 22-2)

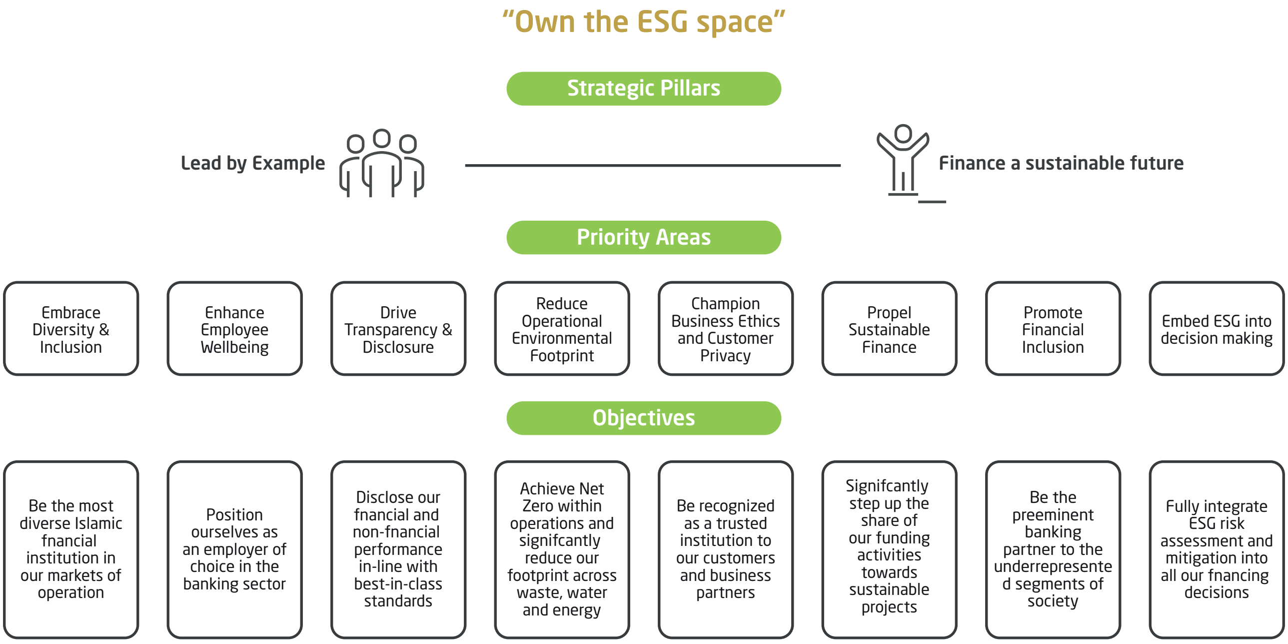
Our ESG Vision is to "Own the ESG space". This represents our ambition to create a better tomorrow by harnessing the power of our reach in the transition to a more sustainable economy. We see ESG as an imperative for future business continuity and the need to take meaningful measures to incorporate it in all aspects of the operations is well recognised.

Developing an ESG strategy that ties back to our ESG Vision has been a core priority for us this year. In line with this, in 2022, we established our forward-looking 2030 ESG Strategy which outlines our ambition and approach to a more sustainable future and supporting the UAE's sustainability agenda. The ambition to 'Own the Space' is built on the framework of two main strategic pillars as part of our 2030 ESG Strategy where we want to focus our main ESG efforts to meet our ESG Vision - 1) Lead by Example and 2) Finance a Sustainable Future. While the first pillar focuses more on optimising the Bank's internal operations, the second pillar strives to enhance the external impact of our ESG agenda.

Pillar 1: Lead by Example - to become a role model in sustainable practices and behaviours in our own operations and towards our employees.

Pillar 2: Finance a Sustainable future - to embrace sustainable business practices in serving our customers and communities.

Each pillar has 4 priority areas for which individual objectives and goals have been defined.



Our ESG Vision Explained

Our role as an Islamic financial institution is more than providing the right solutions responsibly, it involves:

- Promoting the welfare of the planet by reducing our environmental footprint and helping our customers embark on this journey;
- Driving sustainable change in the way we do business and serve our customers;
- Building a safe and respectful workplace where every employee knows that their voice will be heard;
- Connecting back with the market we operate in and becoming an example for contributing to the global sustainable development agenda; and
- Proactively participating in developing and implementing, sustainable finance policies and agendas, in partnership with government and industry bodies.

To ensure meaningful impact, we are in the process of setting commitments that are aligned with the above pillars and objectives which build on our ESG Vision and ambition.

A detailed explanation of the two pillars and the related priority areas mentioned above is provided in the Materiality Assessment section of this report.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Stakeholder engagement (GRI 2-29)

Engagement with our stakeholders is crucial for the success of our business and our long-term ability to create value. We understand that our stakeholder groups have evolving expectations of us, which we capture on an ongoing basis. In 2021, we engaged with key internal and external stakeholders to identify our material ESG topics, which we revalidated in 2022.

We are in the process of updating our stakeholder engagement process to be able to identify and update the topics which could be material in the eyes of our stakeholders and to ensure that we address their interests and needs.

We define stakeholders as individuals and groups who are directly or indirectly affected by our operations and any party that has an interest or stake in DIB. The table below outlines our key stakeholder groups, our different engagement channels, the topics that are assessed to be important to stakeholders and our response to stakeholder needs and expectations to date.

STAKEHOLDER GROUP	ENGAGEMENT CHANNELS	TOPICS IMPORTANT TO STAKEHOLDER GROUP	HOW DID DIB RESPOND?
Customers	• Website- Ongoing • Call centre feedback through “Voice of the customer communications”- ongoing	• Customer experience • Transparent banking practices • Data privacy • Digitisation • Sustainable products and services	• DIB introduces customer charter • Going green with EVolve- DIB’s sustainable auto finance • Implementation of consumer protection regulation Programme • WhatsApp services for customers
Employees	• GCEO club- Quarterly • Town halls- Quarterly • Strategic communications - Monthly • Intranet- ongoing	• Compensation and other employee benefits • Sustainable performance and action of the company • Career development • Diverse workforce	• Improved learning and development for employees with corporate tie ups with renowned universities • Introduced telehealth services for employees • Enhancement of employee benefits
Shareholders/ investors	• Shareholder General meetings- annually • Investor relation reports- quarterly • Financial report- quarterly • Investor roadshows and meeting- need basis	• Increase financing towards sustainable products • Financial performance of the company • Transparent banking practice • Ethical business practices and regulatory compliance	• Launched Sustainable Finance Framework • Successfully priced its inaugural Sustainable Sukuk – a landmark US $750 million issue • Dedicated approximately AED 1 billion to Sustainable Finance in 2022
Community	• Authorised charities and foundations- ongoing • Physical meetings- need basis	• Societal impact and responsibility • Action on reducing environmental footprint • Increase financial literacy	• Zakat and Charitable donations of approximately AED 350 million • Launched youth financial empowerment programme • Saved more than 136,000 (500ml) plastic bottles, providing over 68,000 litres of filtered water in partnership with Dubai Can • Donated to multiple Disaster Relief Programme.
Regulators	• Shareholder General Meetings- annually • Market disclosures- need basis • Workshops- need basis	• Ethical business practices and regulatory compliance • Emiratisation • Transparency and disclosure	• Enhanced market disclosures • 45% of our workforce are Emiratis • Close collaboration with the UAE Government • Increased the scope and coverage of reporting

STAKEHOLDER GROUP	ENGAGEMENT CHANNELS	TOPICS IMPORTANT TO STAKEHOLDER GROUP	HOW DID DIB RESPOND?
Financial institutions	• Market disclosures- need basis • General Meeting- annually • Quarterly financial report- quarterly	• ESG risk • Sustainable and green financing	• Launched the Sustainable Finance Framework • Strategic tie-ups with leading capital markets financial institutions
Rating Agencies	• Rating reviews meeting- annually	• Credit rating • Quality of the business portfolio • ESG risk coverage	• Maintaining strong and stable ratings • Developed our ESG risk scorecard and ESG credit risk policy
Suppliers	• Onsite meetings- need basis • Training sessions- need Basis • Open communication - ongoing	• Local procurement • Adherence to local labour laws	• 92% of procurement budget spent on local UAE suppliers • Adherence to the supplier code of conduct
Group entities	• Governed by Subsidiaries and Affiliates Governance Framework primarily through the control functions and international business function- ongoing	• Financial and sustainability performance of the Bank • Stronger collaboration	• Stronger control and reporting processes through Governance Committees
The Market	• Financial disclosures- annually • Strategic announcements- ongoing • AGM invites- annually • Press releases- ongoing • Physical meetings- need basis	• Transparency and disclosure • Financial performance	• Enhanced reporting • Stronger financial performance over the past few years

Materiality Assessment

(GRI 3-1, GRI 3-2)

In 2022, while developing our 2030 ESG Strategy, we focused on revalidating our first materiality assessment conducted in 2021. The purpose of the materiality revalidation was to ensure that we are continuously meeting stakeholder expectations and updating our priority areas for evolving ESG risks facing our business.

Our 2022 materiality assessment was performed using a 3-step approach which included identifying an extensive list of topics, assessing the way we impact and are impacted by these areas, and prioritising these accordingly.

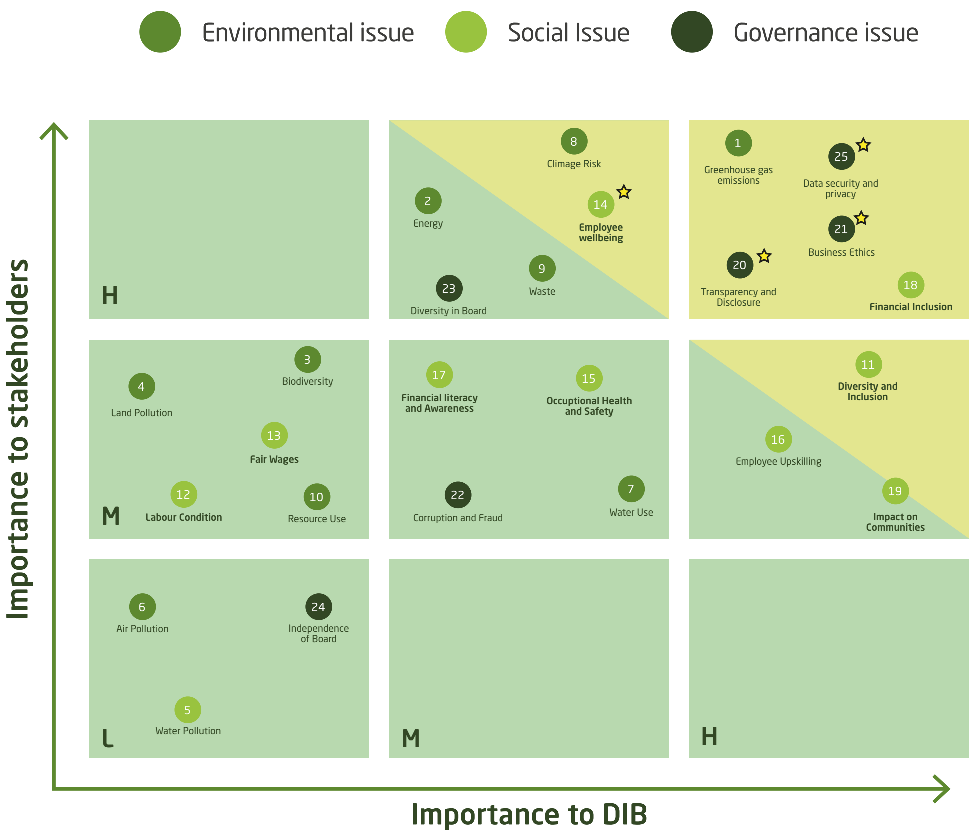
In the first step, we identified an extensive list of ESG issues based on DIB's stakeholder's expectations, our risks and opportunities, issues disclosed by industry peers and global reporting standards. The significance of issues was assessed by reviewing regulations and announcements of policymakers, published investor priorities, societal and customer expectations outlined in global and regional surveys and other pieces of thought leadership and global standards such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB). In the next step, our management team shortlisted relevant Material Topics based on DIB's business context and evaluated the financial and reputational risks associated with these issues on our operations and portfolio. In the final step, we engaged with our functional heads and Senior Management to test the importance of the identified refreshed Material Topics from a business perspective and to confirm the extent to which these issues are considered as important by our stakeholders.

The inputs received from our 2021 materiality assessment together with our revalidation assessment of 2021 performed in 2022 were taken into consideration in finalising our materiality analysis in 2022 and deriving our materiality matrix. Our 2022 materiality assessment identified 19 topics to be important for both DIB's stakeholders and DIB's business, eight of which are considered Material Topics.

Materiality Matrix

The Material Topics that sit in the top right corner of the matrix are considered a priority for our business and our stakeholders.

The Material Topics identified in 2022 are in line with our 2030 ESG Strategy and the materiality assessment conducted in 2021. In our 2022 revalidation assessment, we identified Climate Risk and Greenhouse Gas Emissions as additional Material Topics this year to be material to stakeholders and DIB due to their growing importance,

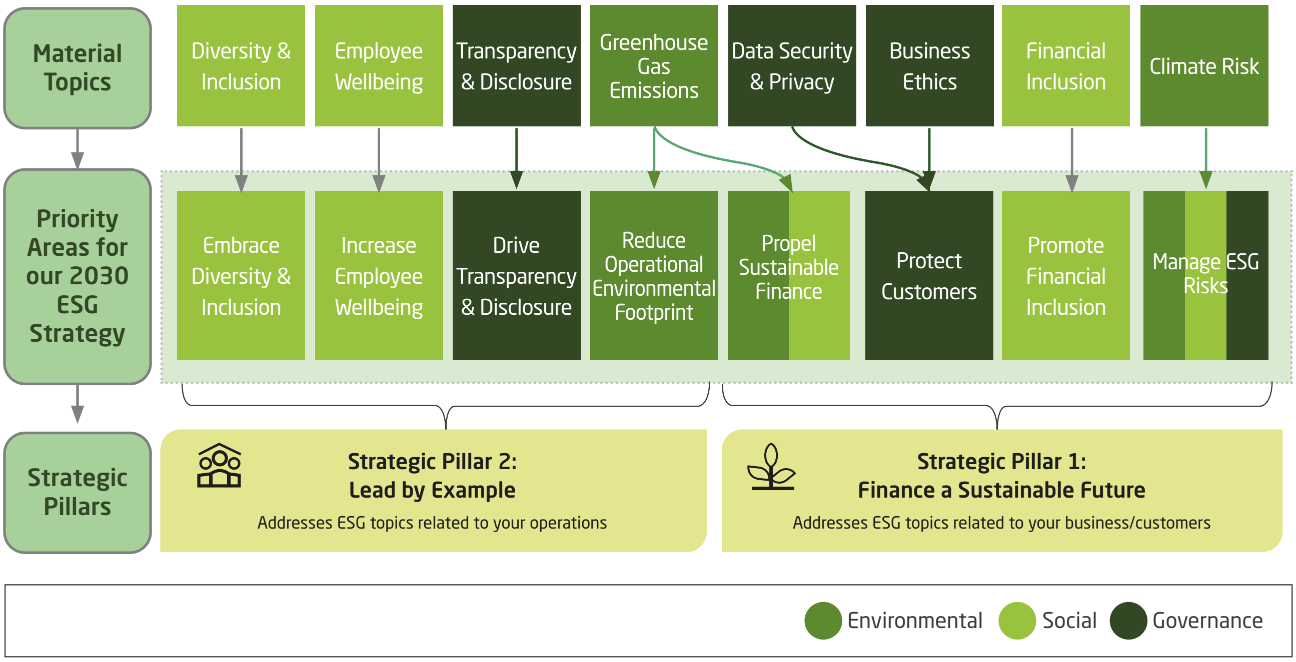


The eight Material Topics of high priority identified are:

- Greenhouse Gas Emissions
- Climate Risks
- Diversity and Inclusion
- Employee Wellbeing
- Financial Inclusion
- Transparency and Disclosure
- Business Ethics
- Data Security and Privacy

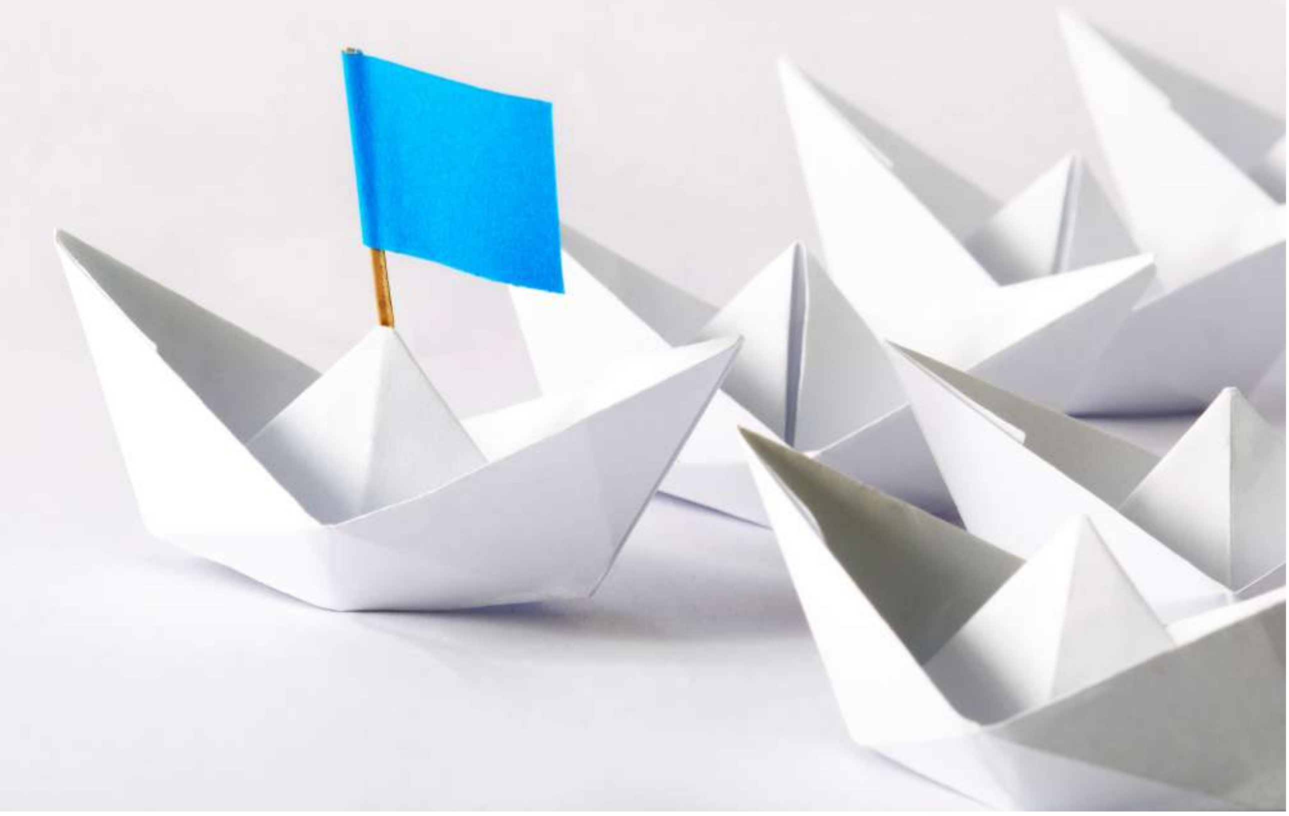
particularly to the financial sector. Certain Material Topics identified in 2021 such as Sharia Compliance, Regulatory Changes, and Digital services were merged with Business Ethics, Transparency & Disclosure, and Financial Inclusion respectively this year. Customer Service and Satisfaction are highly material to us and are addressed outside of our 2030 ESG Strategy within our overall Corporate Strategy.

Once we identified our Material Topics through our materiality assessment, we assessed how to best prioritise actions against these topics. We did this by understanding where we currently stand and what our ambition is across our Material Topics. We then translated the eight Material Topics into eight priority areas for our 2030 ESG Strategy, as shown in the diagram below.



While most Material Topics map directly to a corresponding priority area, several topics were split or merged to address them more effectively. For example, we felt that Greenhouse Gas Emissions could be better addressed by splitting them into our operational (Reduce Operational Environmental Footprint) and financed environmental footprint (Propel Sustainable Finance), as we have different levels of control over emissions in each domain and they will be primarily addressed by different teams. We also merged Business Ethics and Data Security & Privacy into one priority area, Champion Business Ethics and Customer Privacy, as they both focus on doing right for our customers and ensuring we protect them.

PILLAR 1 - LEAD BY EXAMPLE (GRI 3-3)



Embrace Diversity and Inclusion

Our ambition

At DIB, we acknowledge that having a diverse and inclusive workforce is key to our success. With diversity and inclusion, we are able to bring in different skills and perspectives in the way we operate which contributes to improved business performance, innovation, increased job satisfaction, and a healthier workplace. We commit to fostering a diverse and inclusive work environment that offers great prospects for our employees of all backgrounds, and we strive to continue expanding our team to ensure diversity and create an inclusive work environment that allows our employees to prosper. This includes diversity across gender, age, race, abilities, experiences, and perspectives.

In line with our 2030 ESG Strategy, we are in the process of developing our Diversity and Inclusion Policy which communicates our approach and commitment to ensuring a diverse and inclusive workplace.

Our approach

Gender Diversity (GRI 405-1)

At DIB, we have actively pushed in recent years to hire more female employees and thereby improved our gender ratio. Currently, over 36% of employees in our workforce are female and we strive for greater representation of women to achieve a healthy gender balance.

PARAMETER	EMPLOYEES	UNIT	2022
% Female Employees	% in overall workforce	%	36
	% in Senior Management	%	5.8

We are focused on attracting, retaining, and promoting women in the workplace. Two of our goals are to increase the presence of women in Senior Management and nominate and introduce more women candidates in the board and board nomination process. This will allow us to harness the full potential of women in contributing to the strategic direction of DIB.

The below table shows the number of male and female employees across Management:

CATEGORY	EMPLOYEES	UNIT	2022
Senior Management	Male	No.	18
	Female	No.	1
	<30	No.	0
	30-50	No.	6
	>50	No.	13
Middle Management	Male	No.	851
	Female	No.	167
	<30	No.	10
	30-50	No.	790
	>50	No.	218
Non Management	Male	No.	357
	Female	No.	527
	<30	No.	262
	30-50	No.	557
	>50	No.	65

Emiratisation (GRI 202-2)

With 45% of our employees being Emiratis, we remain fully aligned with the UAE's 'Projects of the 50' to boost Emiratisation in the private sector and are in line with the UAE Central Bank's Emiratisation requirement. For us, the focus is not retaining Emirati talent but also on ensuring that we provide meaningful job opportunities with the required on-the-job training to the Emirati Nationals recruited. Consequently, we strive to produce qualified, skilled, and competent industry leaders of tomorrow.

CATEGORY	UNIT	2021	2022
Percentage of Emiratis in the workforce	Percentage	45%	45%
Percentage of Emiratis in the Senior Management	Percentage	29%	26%

DIB has curated specific programmes in line with the Emiratisation agenda to attract and retain young talent.

Tatweer Programme: Focusing on young aspiring Emirati graduates, the programme is centred around building the essential skills and competencies required to thrive at the Bank. Each level in the programme covers important milestones in a learner's development journey to enable them to add greater value to their role and the organisation's growth.

Emirati Programme: A specialised programme for new Emirati graduates to prepare them to work in the banking sector through training in soft and technical skills.

Critical role: A customised development journey for UAE Nationals that assesses participants' abilities and grooms individuals for future critical roles.

People of Determination (PoD):

DIB strives to provide People of Determination (people with special needs or disabilities) with a safe and accessible work environment, providing equal opportunities to all job seekers. As a result, we have collaborated with the Ministry of Social Affairs and onboarded 16 individuals with different disabilities into the organisation.

We are also working on different initiatives to educate our employees on how to work with employees and customers who are differently abled. We are in the process of launching two major trainings for our employees:

- Sign Language Training for Arabic speakers; and
- Building awareness programme on interaction with People of Determination

Creating an environment that is welcoming and encouraging to People of Determination is one of our key focus areas and aligns with our 2030 ESG Strategy.

Enhance Employee Wellbeing

Our ambition

At DIB, we recognise that the wellbeing of our employees is a key element to the growth of our organisation and our people. As part of our 2030 ESG Strategy, we highlight our commitment to employee wellbeing and recognise it as a strategic focus area.

Our approach

Our 2030 ESG Strategy takes a holistic approach to ensure the wellbeing of our employees. Key focus areas for us include: providing employees with access to learning and development platforms and programmes, having a sense of belonging in the workplace and having the right infrastructure to support our staff to increase their productivity, which will all contribute to a happy and satisfied workforce. We have described below certain initiatives we have taken to align ourselves with our overall ambition. We also plan to continue expanding our wellbeing initiatives in 2022.

Employee Engagement and Training (GRI 404-2)

At DIB, we strive to develop a culture of learning that helps our employees upskill and acquire new skills throughout their careers. We have a dedicated learning and development team who look after employees' training and learning programmes. In 2022, we continued to partner with reputable universities to provide our employees opportunities to pursue further education. We have partnered with the following universities:

- Middlesex University
- Heriot Watt
- Hult Business School
- Canadian University
- University of Wollongon

Additionally, all permanent employees in DIB have access to our digital learning

platform, Knowingo, which provides access to training modules on the go. We will continue to create an environment of sustained learning and development to ensure our employees are well supported in reaching their professional and personal learning goals.

Case Study

DIB's talent management and learning & development achieved ISO 21001:2018 Certification for providing educational products and services capable of meeting the needs and requirements of learners and other beneficiaries. This award is a well-earned recognition that reflects the commitment and dedication to embracing a culture of learning and development.

Employee High Potential Programme:

The High Potential Employee Development Programme (HiPo) was launched in 2015 as part of DIB's talent management initiative to provide further training and networking opportunities for our future leaders. We have received positive feedback from past participants and are now in our fifth cycle of HiPo. The programme is designed to provide high performing employees, career development opportunities while cementing a sustainable pipeline of leaders capable of supporting DIB's ongoing growth. The programme identifies employees from different departments and levels and ensures they are recognised and provided with the right development opportunities at an early stage to nurture their personal and career growth. The programme includes world-class structured development programmes focusing on building behavioural and leadership competencies, leadership mentoring, business coaching and finally an interactive leadership programme that takes place over a period of 5-6 months. The programme includes classroom workshops and diagnostic sessions.

The development plan is reviewed every six months to follow up on the individual's progress and measure impact through manager feedback. The focus for our fifth cycle of HiPo employee development will be on Junior and Middle Management levels.

Employee Health and Benefits

We, at DIB, care about our employees and are cognisant of the fact that the health and safety of our employees are paramount for us to create shared value for all. We are committed to providing a healthy work environment to our employees by introducing various employee-focused initiatives that aim to spread awareness on several health issues and provide best-in-class resources to help them improve their wellness.

Breast Cancer Awareness Programme

As part of DIB's wellbeing philosophy, a breast cancer awareness programme was announced in the month of September for all female employees and their female family members. The programme included workshops on teaching self-examination techniques and on creating awareness for medical treatments for a longer and healthier life.

Parental Leave

In 2022, 39 female employees and 49 male employees took parental leaves. The return-to-work rate stood at 100% for all employees returning from parental leave and a 100% retention rate. We make sure that female employees are given adequate support during and after pregnancy to smoothen the transition into work.

Telehealth Service

We ensure that our employees are continuously provided with best-in-class resources to improve their health and wellbeing. In alignment with the UAE's Ministry of Interior and National Emergency and Crisis and Disasters Management Authority, we have partnered with NAS, King's College Hospital, Mediclinic, and Prime Healthcare Group and provide an innovative application "Telehealth Service" which allows our employees to consult with a general practitioner free of charge and from the comfort of their home.

DIB Active:

In 2018, we launched our first corporate health and wellness programme for employees - "DIB Active". The objective of the programme is to encourage employees to lead healthier, fitter, and happier lives. With over 50 nationalities working at DIB forming a truly multicultural organisation, there is one common denominator of interest amongst our staff - health and wellness. In light of this, we have successfully developed and carried out a Bank-wide programme that not only aims to help our employees lead happier and healthier lives but also acts as a platform for employees to socialise and network outside the workplace. The programme consists of branch-wide tournaments for cricket, football, and volleyball alongside other sports activities like paintball, kayaking, table tennis, badminton, and go-karting. In 2022, 1,768 employees participated in 17 activities and events across DIB making the programme a continued success.

Drive Transparency and Disclosure

Our ambition

Transparency and disclosure go far beyond the regular reporting and compliance at DIB, rather, it is considered an essential element to building and maintaining trust with our stakeholders. We strive to promote a culture of transparency across all of our dealings by disclosing our financial and non-financial performance in line with best-in-class standards to build stakeholder confidence.

Our approach

Enhancing Reporting Boundary

Extending our reporting boundary and scope is key for us to improve our understanding of our overall ESG performance within our operational control across the Group to bring more transparency. We began this journey in this reporting period, with the scope of the report covering performance indicators relating to operations in our control in the UAE, including our headquarters, corporate offices, and branches. As we increase our reporting boundary to our Group entities in future periods, we will need to ensure there is effective communication with our subsidiaries to provide transparency of our DIB Group ESG performance.

ESG Reporting Standards

In 2022, we are reporting using the GRI 2021 standard. Our approach to ESG reporting is planned to be sustained with gradual enhancement. We recognise the need to expand our disclosures in future reporting periods to report in line with other global ESG standards, frameworks, and best reporting practices. As next steps, we will be looking at global standards such as the Sustainability Accounting Standards Board (SASB), the issuance of the final International Sustainability Standards Board (ISSB) standard and the Taskforce for Climate-related Financial Disclosures (TCFD) in the future. Reporting against the TCFD validates our commitment of integrating our ESG risks into our strategic decision-making and communicating our approach to our stakeholders.

Other Reporting Channels

With the release of our Sustainable Finance Framework in 2022, we commit that we will disclose the allocation and impact of proceeds on our eligible sustainable projects. In addition, we view policy statements as a way to institutionalise our approach to our Material Topics. At DIB, we commit to publishing policy statements addressing our approach to ESG and to Diversity and Inclusion. These statements will be expanded to our other Material Topics in future periods.

Reduce Operational Environmental Footprint

Our ambition

Our direct operations contribute to a relatively small part of our total environmental footprint as our financed emissions form a major portion of our overall emissions. Nevertheless, we are conscious of our operational environmental footprint and track our environmental data across our branches and offices. We continue to remain committed to reducing our operational environmental footprint across waste, water and energy through 2030.

Moving forward, our ambition is to gradually expand the scope of reporting to cover our entire value chain and we will be working on setting climate targets with established interim milestones to reduce our carbon emissions in our operations and portfolio.

Our approach

Energy (GRI 302-1)

Drawing on our aspiration of becoming a leading sustainable Bank, we at DIB are continuously driving transformations in our operations to reduce our environmental footprint. We are making concerted efforts to embed environmentally and socially responsible business practices in our operations. This includes various energy reduction initiatives undertaken, such as tracking and transparently disclosing our GHG emissions, regulating energy consumption in existing equipment, installing energy-efficient technologies,

implementing automated energy management solutions, and investing in energy-efficient architecture among others.

Thriving on an energy-efficient architecture

To align with our commitment to reducing the impact of our operations on the environment, we are investing in sustainable architecture. Energy efficiency is inherent across our brand-new office buildings - Al Maktoum and Al Nahda, which will become operational in 2023. Both buildings are aligned with the mandatory Dubai Green Building Regulations (DGBR).

We have incorporated the latest technology as well as process solutions to save energy consumption across our business infrastructure such as:

- Our new headquarters - Al Maktoum, is equipped with the latest energy-efficient technologies such as LED motion sensor lighting and triple glass panels for elevators.
- A Building Management System (BMS) is installed in both buildings for automated regulation of Air Conditioning (AC) temperature.
- Our brand-new office building - Al Nahda, has been constructed using insulated blockwork, which reduces the demand for AC.

With the goal of gradually decarbonising our energy consumption, we are steadily increasing the installation of energy-efficient technology across all our offices. We have already installed LED lighting in 50+ branches in the UAE.

As part of our aspiration to reduce the energy intensity of our operations, we are further working on developing energy-saving initiatives across our physical assets in the UAE.

Greenhouse Gas (GHG) emissions

At DIB, we have put in place an integrated strategy to manage our GHG emissions. We have been closely monitoring and transparently reporting our GHG emissions since 2021 and are looking to gradually expand our emission boundary and scope to achieve better results. As part of our 2030 ESG Strategy, we are aiming to take on new emissions reduction targets and decarbonisation initiatives.

CATEGORY	UNIT	2021 SCOPE	2021	2022 SCOPE	2022
Scope 1*	tCO2e	DIB UAE	227.3	DIB UAE	284.5
Scope 2	tCO2e	DIB Dubai UAE	2,845	DIB UAE**	5,751.8
Scope 3***	tCO2e	DIB UAE	20	DIB UAE	61.3
Total GHG emissions	tCO2e	DIB UAE****	3,092.3	DIB UAE	6,036

* Petrol and diesel consumption, which are major contributors for our Scope 1 emissions, have increased as employees travel more for business as Covid-19 restrictions were removed.

** Total electricity consumption includes buildings within our operational control in the UAE. This includes 85% data coverage across all branches and offices in the UAE.

*** Only includes air travel for DIB UAE, this has increased as more of our employees are travelling after Covid-19.

**** Scopes 1 and 3 cover DIB UAE in 2021, but Scope 2 only covers emissions in the Emirate of Dubai (DIB Dubai).

Scope 1 (GRI 305-1)

Our direct emissions account for emissions from petrol and diesel consumption by company-owned vehicles and generators. To measure Scope 1 emissions, we carried out a comprehensive data collection and analysis activity across our head office, back office, and branches. To reduce our Scope 1 emissions, we plan to identify opportunities to transition towards more fuel-efficient vehicles.

Scope 2 (GRI 305-2)

Our Scope 2 disclosures entail indirect emissions from electricity consumption. Data pertaining to electricity consumption was collated based on the municipal bills from respective utility providers. We used the location-based method which uses grid average emission factors to report.

As part of our ambition to become more transparent we have enhanced the reporting boundary of our Scope 2 emissions this year, by including branches and offices within our operational control in the UAE. Our 2022 emission boundary was expanded to include 59 operational assets (including branches and back offices) as compared to only 23 back offices and branches in the Dubai Emirate in 2021 only. Consequently, we have reported an increase in Scope 2 emissions due to this change.

To reduce our Scope 2 emissions, we aim to understand our options of procuring renewable energy through either Power Purchase Agreements (PPA) with renewable energy suppliers or identify sources of on-site renewable energy such as rooftop photovoltaic (PV) solar panels.

Scope 3 (GRI 305-3)

Our Scope 3 measurement approach entails the collection and analysis of the data pertaining to business-related air travel by our employees and Senior Management. Data was collected from our internal travel desk. We acknowledge that our current measurement approach for Scope 3 emissions is not a comprehensive one as it doesn't include other Scope 3 categories such as emissions from employee commuting, investments, purchased goods and services and more. As part of our ongoing sustainability journey, we plan to begin our baseline assessment for our remaining Scope 3 categories including our financed emissions in the near future.

The increase in our Scope 3 emissions in 2022 compared to 2021 is because of the massive increase in business travel right after the Covid-19 pandemic. With hybrid business models gaining momentum, we aim to continue to monitor our emissions impact from business air travel and take mitigating actions.

Water (GRI 303-1, GRI 303-5)

The majority of our operations and physical assets are in the UAE, which is one of the world's most water stressed regions. As such, we commit to reduce our water consumption by introducing water efficient technologies in our buildings, including installing water efficient fixtures.

In 2022, we initiated the installation of water aerators in our branches with the aim to reach 100% of our branches by 2023. The tap aerators installation will help in restricting the flow of water which consequently leads to less water consumption. In addition, both of our new buildings, Al Maktoum and Al Nahda buildings, are equipped with sensor taps to control water consumption.

CATEGORY	UNIT	2021 SCOPE	2021	2022 SCOPE	2022*
Water consumption (municipal)	kL	DIB HQ	5,044	DIB UAE	21,384

* The increase in municipal water consumption is mainly attributable to the increase in scope from DIB HQ in 2021 and DIB UAE in 2022.

In 2021, we only tracked data for our headquarters in Dubai. For this reporting period, we expanded our scope to include data for branches and offices where we have operational control in the UAE and hence our reported water consumption has increased significantly. We are constantly striving to introduce water reduction initiatives in our operations and increase awareness campaigns amongst our employees.

Waste Management (GRI 306-3)

A large portion of our waste comes from paper use in our operations. We have different measures in place for waste reduction, these include: recycling bins near printers, awareness posters for employees, and our shift to paperless home finance transactions and bank account openings at most of our branches.

To increase our paper recycling rate, we have partnered with an authorised waste management services provider in selected branches. We intend to extend these services to other branches and monitor the waste generated and recycled from paper use.

We are committed to reducing waste generated in our own operations and we are therefore looking into developing various initiatives to guide our efforts moving forward. Examples of initiatives would include installing additional waste recycling bins and running more waste awareness campaigns for our employees.

Category	Unit	2021 Scope	2021	2022 Scope	2022
Total waste generated	Tonnes	DIB UAE	399.94	DIB UAE	379.8
• Paper	Tonnes	DIB UAE	2.22	DIB UAE	3.7
• General	Tonnes	DIB UAE	397.72	DIB UAE	376.1
Total waste recycled*	Tonnes	DIB UAE	2.22	DIB UAE	3.7
Total waste sent to landfill	Tonnes	DIB UAE	397.72	DIB UAE	376.1

*Waste is recycled at only 2 of our offices within the UAE. We intend on expanding our recycling efforts to other branches in the UAE in the near future. Total waste generated for paper across DIB has increased due to additional premises included.

The above waste generation data accounts for the waste generated across DIB UAE locations where we have operational control. The decrease in the total waste generated is attributed to waste reduction initiatives taken by DIB in 2022.

Dubai Can Initiative - A step towards resource efficiency

We have partnered with Dubai Can, an initiative of the Crown Prince of Dubai, which aims to provide access to free and safe drinking water and advocate conscious consumerism across the city. This is achieved through driving the installation of water stations across the city and education on alternatives to plastic. Dubai Can has 20+ public water stations in prime public locations - Beaches, Parks, Malls, and other

Attractions procured from a safe vendor. The initiative has saved 6.4 million 500ml plastic water bottles as of December 2022 across Dubai. Our water station, located in Business Bay, has saved 136,000 (500ml) plastic bottles and has provided 68,079 Litres of filtered water to the public. We are proud to have this initiative linked to our continued effort to reduce our plastic waste and overall waste footprint, and will continue to focus on reducing our waste footprint across the UAE.

PILLAR 2 - FINANCE A SUSTAINABLE FUTURE (GRI 3-3)

Champion Business Ethics and Customer Privacy

Our ambition

Our customers entrust us with sensitive information and expect us to provide a safe environment for online banking. It is therefore our priority to ensure we do everything in our power to safeguard our customers' data and provide a secure online banking experience. We commit to championing business ethics and ensure privacy of our customers by continuously improving our security safeguards and by raising safe banking awareness amongst customers.

Our approach (GRI 418-1)

At DIB we take a three-pronged approach to championing business ethics and protecting our customers. First, we create a secure IT infrastructure by implementing controls, processes, and technologies. Second, we enhance our internal culture of security by training employees on handling customer information responsibly and by implementing cybersecurity hygiene. And third, we raise customer awareness of safe online banking, including awareness of the identification and prevention of fraud.

1. Creating a safe IT infrastructure

We are committed to constantly enhancing our IT infrastructure to protect against cybersecurity and other threats. Our cybersecurity programme is certified and compliant with the global standard for Cybersecurity, ISO 27001:2013. We are also compliant with the UAE's National Electronic Security Authority (NESA) standard, and industry-specific programmes such as the Payment Card Industry Data Security Standard (PCI DSS) and SWIFT's Customer Security Programme (CSP). Over the past years we have introduced state-of-the-art firewall technologies, smart surveillance for monitoring critical activities and developed a proactive threat and vulnerability monitoring programme to identify exposures, risks, threats, and vulnerabilities.

Case Study: DIB joins Buna to bring an easier payment platform

In June 2022, we partnered with the Arab Monetary Fund's Buna system to support our customers' in making multicurrency cross-border payments in a safe manner while also being cost effective and transparent. Buna offers participating banks modern payment solutions that comply with international requirements against financial crime and adhere to the highest standards of information security and data protection.

Case Study: DIB joins Etisalat Digital's Blockchain platform UAE Trade Connect (UTC)

As we move towards a fully digitised trade finance ecosystem, we have partnered with UTC in February 2022 to enhance global trade and continue to protect our customers. The platform prevents fraud, detects suspicious transactions and supports multiple types of trade-related documents requiring validation to confirm their authenticity. UTC's technologies ensure trust, transparency, and privacy between multiple organisations, strongly aligned to our values.

2. Enhancing our Culture of Security

It is the responsibility of all of our employees to create a secure IT environment, which is why we are enhancing our culture of security. We require all of our staff to perform mandatory data privacy training, and in 2022, we began running social engineering simulations with our employees and launched a dedicated learning platform for data privacy and security issues. In 2023, we will continue to expand our social engineering simulations and will develop mandatory data privacy and security tailored to each of our teams on our newly launched learning platform.

Customer Awareness

Online banking has brought many benefits but also increasingly exposes our customers to cybercrime. Raising awareness can help our customers protect themselves from fraud, which is why we have been engaging with our customers and running fraud awareness campaigns across email, our website, and our social media accounts.

We pride ourselves for the way in which we clearly and responsibly advertise our products and services. We aim to be continuously transparent and easy to understand for our customers to support them in making the best financial decisions to meet their targets. We have therefore also published summaries of all our key consumer banking products on our website. The summaries outline the key features of the product or service, how they differ from other products and services we offer, and explains customer eligibility criteria.

Case Study: Customer Charter

To reinforce a customer-centric culture across our business, we created a Customer Charter #AllAboutYou - our promise is to listen, learn, protect, reflect and improve our offerings, provide simple to understand banking, and deliver our services in a responsible manner in accordance with the highest standards of integrity. We do this all to protect our customers and make our business safer, more transparent and better.

Case Study: Digitising KYC Checks

Dubai Islamic Bank collaborated with the UAE Ministry of Interior (MOI) to digitise its Know Your Customer (KYC) journey through a new-age facial recognition service. The new KYC journey expands DIB's reach to new customers and does so in a safe manner, while also offering the capability to complete validation checks for new customers opening an account with DIB.

Propel Sustainable Finance

Our ambition

The biggest impact we have on the environment and society is through our financing activities. We want to be a force for good and have a positive influence and effect and hence finance customers who are striving to become more sustainable and create positive outcomes in our communities.

It is therefore our ambition to be a channel for funds towards projects that promote sustainability. We want to take the opportunity and support our clients in adapting to a low carbon future and becoming more socially equitable. We are committing strongly to growing our sustainable finance portfolio and developing dedicated products across our range for our customers to benefit from.

Our approach

To achieve this target, we have begun developing products for our various customer segments, including discounted financing for electric and hybrid vehicles for our consumer banking customers and facilitating the issuance of green and sustainable sukuks for our government and corporate clients.
To underpin our sustainable finance efforts, we developed and issued our Sustainable Finance Framework in October 2022. We are the first Islamic Bank in the UAE to publish such a framework, with the purpose of providing a consistent methodology for classifying and reporting on our sustainable financing activities. We have aligned the framework to major global principles and standards and had it assessed by Institutional Shareholder Services (ISS) ESG. The framework provides the foundation for us to accelerate our efforts to meet our sustainable finance target.

We also raised $750 million in our inaugural Sustainable Sukuk in November 2022, which will be used to finance sustainable projects for our clients. In 2023, we will focus our efforts on developing and making available an increased number of sustainable finance products to more of our customer segments.

In 2022, some of our sustainable finance portfolio included:

Clean Transportation	Green Buildings	Employment Generation	Affordable Housing	Access to Essential Services
• EVolve - discounted profit rates are provided for the financing of electric and hybrid vehicles, with 360 issuances since 2013.	• We provided AED 440 million in financing to ICD Brookfield Place Limited in their purchase of a LEED platinum certified green commercial tower. • Discounted home financing are provided to customers for green certified (such as, LEED certified) apartments.	• DIB signed an MoU with Emirates Development Bank for a credit guarantee scheme for SMEs in the UAE, with an aim to disburse AED 200 million in financing.	• DIB collaborates with the UAE government to offer affordable housing for UAE nationals, including profit free financing and subsidies for lower earning customers.	• DIB has provided finance to companies involved in the production of Fire Fighting Equipment.

Promote Financial Inclusion

Our ambition

We recognise that access to financial services is not equal to all individuals and businesses. It is therefore our ambition to enable access to affordable financial services and products to different customer groups.

Our approach

The primary two ways in which we think about financial inclusion are: (i) providing access to financial services, and (ii) ensuring our customers have the financial literacy to make well informed decisions.

1. Accessibility

Branch Infrastructure

To increase accessibility to financial services we have been focusing on improving our physical infrastructure and taking into account the special needs of our customers. Out of our 55+ branches, 9 are fully accessible to People of Determination, this includes provision of wheelchair access, dedicated priority queues, and presence of specialist trained employees to serve different needs. Further, we have installed 11 voice enabled ATMs, allowing our customers with visual impairments to more easily access financial services.

ICARE Training

In 2022, we rolled out additional ICARE training to our customer facing employees to equip them with the skills needed to better serve customers with diverse needs and provide a more tailored service. As part of this, employees ran through various scenarios on how to best serve the needs of People of Determination. We are currently reviewing and updating the training curriculum for 2023, and will take approximately 1,300 staff across all customer points through refresher training in the coming year.

Digitisation

Over the last year, we have seen a 15% increase in customers registered for internet and mobile banking, with mobile and internet banking transactions increasing by 25% and 8%, respectively. Mobile and internet banking allow those who are less able to reach branches to access financial services with ease, which explains our focus on increasingly digitising our products and services. In 2022, we launched the following digitisation initiatives:

- DIB on WhatsApp: customers can chat to agents during working hours via WhatsApp, make credit card payments, apply for salary-in-advance, and access more banking services.
- Rabbit: we launched the rabbit application at the end of 2021, where customers can bank and collect rewards in a simple to use and digital way. The focus is on making banking a fun and easy experience, thereby making banking more accessible. In 2022, we expanded our loyalty programme within the app, introducing buy one get one free offers and other discounts at over 1,000 retailers across the UAE.
- Online auto finance: we began offering online auto finance where customers can easily sign and approve their auto finance contracts remotely without having to meet sales personnel in a branch.

- Upgraded ATMs and CDMS: we upgraded our infrastructure to allow customers to update their Emirates ID information via ATMs and CDMs without visiting the branches.

As more and more of our customers switch to mobile and internet banking, we will be launching more digital initiatives in 2023. We are in the midst of adding accessibility features to our website making it more user friendly for all of our customers, with an expected launch later in 2023.

2. Financial Literacy

We strive to make the Bank experience more inclusive to our younger customers and help them better manage their finances. In partnership with KFI Global, we have been running a programme for students across schools and universities in the UAE to increase financial literacy. So far, we ran sessions with 19 educational institutions, with over 1,750 students benefiting from the programme since its launch in early 2022. In early 2023, we plan to run sessions at 20 educational institutions, with 200 boys and girls in the UAE set to take part. We plan to continue improving our financial literacy programmes to make sure we are acting on our ambition to promote financial literacy to help our customers make better financial decisions.

Embed ESG into decision making

Our ambition

We consider ESG risks as a significant driver in our strategic decision making and see the need to reduce our financed emissions in our portfolio to play a role in the transition to a low carbon economy. With this, we aim to measure and track our financed emissions within our portfolio and develop a structured plan to reduce these by 2030. We plan to commission our baseline assessment for our financed emissions as a first step in implementing an emission reduction strategy. By integrating ESG risks into the existing risk management framework and assessing credit risk impact, we will be able to ensure that ESG risks are considered in our due diligence and financing activities.

Our approach

Identifying and managing ESG risks in our portfolio is crucial for our customers and the resilience of our business. With the increase in global and regional regulatory pressure on ESG and climate risks, we have started the journey to embed ESG risk considerations into our current lending practices. In 2022, we engaged with Moody's Analytics and developed an ESG Credit risk Scorecard for our Corporate Portfolio and developed our ESG risk policy as an extension to our overall credit risk appraisal policy.

Our ESG scorecard

Our ESG scorecard provides a transparent framework where we are able to assess the impact of ESG on the credit rating of an entity by using ESG cross-sector factors. It was designed to apply to both public and private entities with a broad range of business models, geographies, industries, regulatory environments, and credit profiles. We have completed a preliminary assessment of our current portfolio with our developed ESG scorecard and will continue to build on this assessment, obtain customer-specific data to expand on our ESG risk profile, and set ESG risk tolerances throughout our business. Our commitment to managing ESG risk exposure in our portfolio aims to improve the quality of risk-informed decision making and ultimately contributes to an improved assessment of ESG considerations and their impact on credit risk.

ESG Credit Risk Scorecard Factors and Outputs Overview

ESG INTEGRATION INTO CREDIT ANALYSIS

ESG CROSS SECTOR FACTORS

OVERALL ENVIRONMENT CREDIT RISK SCORE

1 2 3 4 5

- Carbon Transition
- Physical Climate Risks
- Water Management
- Waste & Pollution
- Natural Capital
- Contribution to Sustainable Development

OVERALL SOCIAL CREDIT RISK SCORE

1 2 3 4 5

- Customer Relations
- Human Capital
- Demographic & Social Trends
- Health & Safety
- Responsible Production

OVERALL GOVERNANCE CREDIT RISK SCORE

1 2 3 4 5

- Financial Strategy & Risk Management
- Management Credibility & Track Record
- Organization Structure
- Compliance & Reporting
- Board Structure, Policies & Procedures

ESG Credit Risk Score

1 Credit Positive

2 Credit Neutral-to-low

3 Moderately Credit Negative

4 Highly Credit Negative

5 Very Highly Credit Negative

ESG Credit Risk Rating Notching Adjustment

The ESG Credit Risk score translates to an appropriate notching adjustment to the baseline credit rating of an entity.

ESG risk training

We have provided training to teams across business functions to build awareness, enhance ESG risk capabilities and provide further guidance on using the scorecard. Our training has been completed by the relevant teams in our Corporate function and we intend on rolling this out to other functions.

ESG risk policy

We recognise our responsibility as a Bank and note the interconnectedness of ESG within our region and across the world. For this reason, we have developed an ESG risk policy to guide our process of integrating ESG risks into our existing risk management framework. The policy aims to build the Bank's awareness, level of preparedness, a sound ESG risk governance structure, metrics, and methods to identify, assess, mitigate, and report on our ESG risks. The policy is used in conjunction with our risk appetite statement which we use to assess the ESG thresholds in our portfolio. We will continue to enhance our processes of embedding ESG risk considerations into our credit analysis and to further build out ESG risk management capabilities.

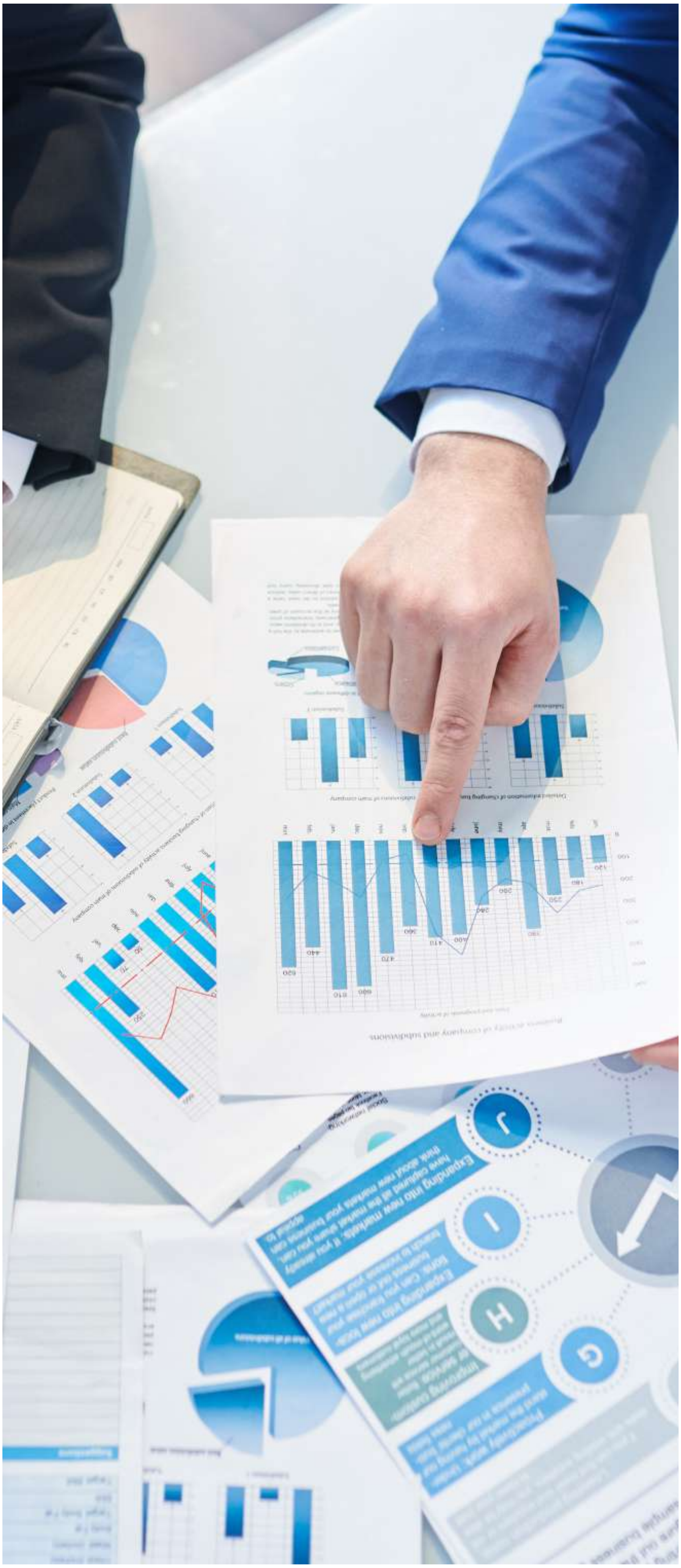
Our Corporate portfolio exposure

Sector	Group Exposure in 2022 (%)
Real Estate	27
Government	17
Trade	6
Utilities	4
Automobile	4
Aviation	13
Services	16
Contracting	3
Financial Institutions	3
Manufacturing	6
Oil & Gas	1

Supporting Communities

(GRI 203-2)

DIB has been at the forefront of extending support to both local and international agencies. During 2022, DIB has extended nearly AED 350 million of financial support to about 70,000 beneficiaries. Support has been diversely distributed among several community developments such as healthcare, housing, education, and food and shelter. Internationally, we have expanded our community service footprint beyond the UAE providing humanitarian support to Central Asia through building modern infrastructures and addressing food scarcity in Eastern Africa.



2022 ESG Data Tables

We provide an accurate and transparent account of our sustainability data that is material to our business through these Environmental, Social, and Governance (ESG) data tables. The ESG Data Tables contain the key performance indicators of DIB across material business categories and reflect our commitment to responsibly disclose the impacts of our business. In the ESG Data Tables, we disclose relevant financial and non-financial information (including historical figures in some cases) that we consider to be of material significance to our stakeholders.

At DIB, we follow an operational control approach to our sustainability reporting and the scope of the report covers DIB operations in our control in the UAE, including 3 buildings within the Emirate of Dubai which constitutes our Headquarters (HQ), together with our corporate offices and branches (DIB UAE). Our 2021 electricity consumption scope included our operations within Dubai only (DIB Dubai). Our financial performance figures cover all of DIB's Group, subsidiaries, and associates in and outside of the UAE (Group).

The reported data reflects the ESG priorities of the organisation and are aligned with the Global Reporting Initiative (GRI) Standards 2021. All reported data is for the reporting period from 1 January to 31 December 2022.

Economic Performance (GRI 201-1, GRI 201-4, GRI 406-1, GRI 418-1)

Economic Value

Category	Unit	Scope	2022
Economic value generated			
Total revenue	Million AED	Group	10,467
Earnings before tax	Million AED	Group	5,631
Taxes reported	Million AED	Group	79
Economic value distributed and retained			
Total operating costs	Million AED	Group	4,915*
Total employee-related expenses (salaries and benefits)	Million AED	Group	1,583
Payments to providers of capital	Million AED	Group	2,210
Payment to government	Million AED	Group	-
Community investments	Million AED	Group	443
Economic value retained	Million AED	Group	2,898

* This includes all administrative & staff expenses, impairments and taxes.

Philanthropic Contributions and Business Ethics (GRI 406-1, GRI 203-1)

Category	Unit	Scope	2021	2022
CSR expense	Million AED	DIB UAE	243	342
Number of data privacy breaches	No.	DIB UAE	4	3
Number of Employees that the organisation's anti-corruption policies and procedures have been communicated to	No.	DIB UAE	1,831	1,920
Number of employees who received training on anti-corruption	No.	DIB UAE	28	117

Customer Relations and Management

Category	Unit	Scope	2021	2022
Net Promoter Score (NPS)*	Score	DIB UAE	-**	37

*Net Promoter Score is the metric measuring the likelihood that customers would recommend a bank for its overall customer relationships, branches, accounts and cards.
**"Voice of the Customer" initiative was only launched in 2022.

Board of Directors

Category	Unit	Scope	2021	2022
Number of members	No.	DIB UAE	9	8
Number of independent member	No.	DIB UAE	5	5
Executive members of the Board of Directors	%	DIB UAE	1	0
Non-executive members of the Board of Directors	%	DIB UAE	8	8
% of female members on Board	%	DIB UAE	0	0
Directors Code of Conduct	-	DIB UAE	Yes	Yes

Social Performance

All social indicators have been reported for DIB operations in the DIB UAE. Workforce *(GRI 2-7, GRI 405-1)*

Category	Employees	Unit	2022
Senior Management	Male	No.	18
	Female	No.	1
	<30	No.	0
	30-50	No.	6
	>50	No.	13
Middle Management	Male	No.	851
	Female	No.	167
	<30	No.	10
	30-50	No.	790
	>50	No.	218
Non Management	Male	No.	357
	Female	No.	527
	<30	No.	262
	30-50	No.	557
	>50	No.	65
People of Determination (PoD)	% of the total workforce	%	0.94
Contractual employees	Total	No.	-
Workforce global	Male	No.	1,225
	Female	No.	695
	<30	No.	272
	30-50	No.	1,353
	>50	No.	295
Emiratisation	% of Emirati Employees	%	45

Workers who are not employees (GRI 2-8)

Category	Type of work	Unit	2022
Workers who are not employees	Temporary	No.	1,266

People of Determination

Category	Employees	Unit	2021	2022
People of Determination (PoD)	as a % of the total workforce	%	0.54	0.94

Emiratisation

Category	Employees	Unit	2021	2022
Emiratisation	% of Emirati Employees	%	45	45

Details of performance & career development reviews (GRI 404-3)

Category	Employees	Unit	2021	2022
Senior Management*	Male	No.	1	1
	Female	No.	-	-
Middle Management*	Male	No.	32	32
	Female	No.	24	24
Non-Management*	Male	No.	12	12
	Female	No.	33	33

*This programme was running for 2 years with the same group of employees, hence the same count reported for 2021 and 2022.

New employee hires (GRI 401-1)

Category	Employees	Unit	2022
Gender - Employees	Male	No.	155
	Female	No.	162
<30	Male	No.	29
	Female	No.	113
30-50	Male	No.	117
	Female	No.	49
>50	Male	No.	9
	Female	No.	-

Employee Turnover Rate - Gender (GRI 401-1)

Category	Employees	Unit	2021	2022
Gender - Employees	Male	No.	105	126
	Female	No.	63	106
Total turnover		%	9	10

Employee Turnover Rate - Age (GRI 401-1)

Category	Employees	Unit	2022
<30	Male	No.	18
	Female	No.	62
30-50	Male	No.	82
	Female	No.	43
>50	Male	No.	26
	Female	No.	1

Employee Training (GRI 404-1)

Category	Unit	2021	2022
Senior Management	Total hours of training	1,885	546
Middle Management	Total hours of training	30,570	26,110
Non-Management	Total hours of training	37,397	28,566
Total no. of Males	Avg. hours of training per employee	28.7	22.4
Total no. of Females	Avg. hours of training per employee	55.7	40

Parental leave (permanent employees) (GRI 401-3)

Category	Unit	2022	
		Male	Female
Employees entitled to parental leave*	No.	1,083	371
Employees that took parental leave	No.	49	39
Employees that returned to work in the reporting period after parental leave ended	No.	49	39
Employees that returned to work after parental leave ended that were still employed 12 months after their return to work	No.	45	37
Rate of return to work that took parental leaves	%	100	100
The retention rate of employees that took parental leave	%	92	95

*Applies to all eligible staff.

Suppliers and procurement spend (GRI 204-1)

Category	Unit	2021	2022
Total no. of Suppliers*	No.	1,728	1,456
Total procurement spend	Million AED	882	1,200
Procurement spend on locally-based suppliers	Percentage of total	92	92

* The total number of suppliers decreased from 1,728 in 2021 to 1,456 in 2022 due to no activity for 2 years with some vendors and were deactivated.

Benefits provided to permanent employees (GRI 201-3)

Category	Unit	Permanent Employees
Life insurance	Yes/No	Yes
Health care	Yes/No	Yes
Disability	Yes/No	Yes
Parental leave (maternity leave or paternity leave)	Yes/No	Yes

Minimum notice period regarding operational changes (GRI 404-1)

Category	Unit
Minimum number of weeks' notice*	4

* Typically provided to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them.

Environmental Performance

Energy consumption (GRI 302-1)

Category	Unit	2021 Scope	2021	2022 Scope	2022
Total petrol consumption*	Litres	DIB UAE	74,160	DIB UAE	96,980
Total diesel consumption*	Litres	DIB UAE	16,890	DIB UAE	17,400
Total electricity consumption (from non-renewable sources)**	kWh	DIB Dubai	6,681,584	DIB UAE**	14,233,837
Energy from Total Fuel Consumption	GJ	DIB UAE	3,235	DIB UAE	4,056
Energy from Total Electricity Consumption***	GJ	DIB Dubai	24,053.7	DIB UAE	51,241.7

* Petrol and diesel consumption have increased as employees travel more for business as Covid-19 restrictions were removed.

** The increase in electricity consumption is due to the extended coverage in this year's reporting period to include other Emirates within the UAE. Data reported for 2021 includes consumption of buildings within our operational control located within the Emirate of Dubai only.

*** Total electricity consumption includes buildings within our operational control in the UAE. This includes 85% data coverage across all branches and offices in the UAE.

GHG emissions (GRI 305-1, GRI 305-2, GRI 305-3)

Category	Unit	2021 Scope	2021	2022 Scope	2022
Scope 1	tCO2e	DIB UAE	227.3	DIB UAE	284.4
Scope 2	tCO2e	DIB Dubai	2,845	DIB UAE*	5,751.8
Scope 3**	tCO2e	DIB UAE	20	DIB UAE	61.3
Total GHG emissions	tCO2e	DIB UAE***	3,092.4	DIB UAE	6,036.2
GHG emission intensity	tCO2e/FTE	DIB UAE	1.69	DIB UAE	3.14

* Total electricity consumption includes buildings within our operational control in the UAE. This includes 85% data coverage across all branches and offices in the UAE.

** Only includes air travel for DIB UAE.

*** Scopes 1 and 3 cover DIB UAE in 2021 while Scope 2 only covers DIB Dubai emissions only.

Scope 1 emissions were calculated using conversion factors published in the 2006 Intergovernmental Panel on Climate Change (IPCC) Guidelines for National Greenhouse Gas Inventory.

Scope 2 emissions were calculated using the emission factor provided by Dubai Electricity & Water Authority (DEWA) in 2021.

Scope 3 emissions were calculated using Air Travel factors from 2020 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting.

Water management (GRI 303-5)

Category	Unit	2021 Scope	2021	2022 Scope	2022
Water consumption (municipal)	kL	DIB HQ	5,044	DIB UAE*	21,384
Water consumption (third party supplier-drinking water)	kL	DIB UAE**	240	DIB UAE**	244

*Data includes 45% coverage across our branches and offices in the UAE

The increase in municipal water consumption is mainly attributable to the increase in scope from DIB HQ in 2021 and DIB UAE in 2022.

**Data tracking done for 3 offices out of 69 offices across UAE.

Waste management (GRI 306-3, GRI-306-4, GRI 306-5)

Category	Unit	2021 Scope	2021	2022 Scope	2022
Total waste generated	Tonnes	DIB UAE	399.94	DIB UAE	379.8
Total waste recycled*	Tonnes	DIB UAE	2.22	DIB UAE	3.7
Total waste sent to landfill	Tonnes	DIB UAE	397.72	DIB UAE	376.1

*Waste is only recycled at 3 of our offices within the UAE. We only recycle paper at these offices. We intend on expanding our recycling efforts to other branches in the UAE in the near future. Total waste generated for paper across DIB has increased due to additional premises included.

GRI Content Index

GRI 1 used	GRI 1: Foundation 2021	
Statement of use	Dubai Islamic Bank has reported the information cited in this GRI content index for the period from 1 January 2022 to 31 December 2022 with reference to the GRI Standards.	
GRI STANDARD	DISCLOSURES	LOCATION
GRI 2: General Disclosures 2021	2-1 Organisational details	DIB at a glance, DIB's geographical footprint
	2-2 Entities included in the organisation 's sustainability reporting	Overview of the Report
	2-3 Reporting period, frequency, and contact point	Overview of the Report
	2-4 Restatements of information	There is no restatement of information
	2-5 External assurance	External assurance is not done for 2022. Refer to "About this Report section"
	2-6 Activities, value chain and other business relationships	About DIB, What is DIB primarily engaged in?
	2-7 Employees	Appendix- Data Tables- Workforce

GRI STANDARD	DISCLOSURES	LOCATION
GRI 2: General Disclosures 2021	2-8 Workers who are not employees	Appendix- Data Tables- Workforce
	2-9 Governance structure and composition	Governance at DIB- Our Corporate Governance Structure
	2-10 Nomination and selection of the highest governance body	Code of Corporate Governance https://www.dib.ae/docs/default-source/disclosures/code-of-corporate-governance.pdf?sfvrsn=62b61861_2
	2-11 Chair of the highest governance body	DIB Corporate Governance Structure
	2-12 Role of the highest governance body in overseeing the management of impacts	DIB Corporate Governance Structure
	2-13 Delegation of responsibility for managing impacts	Governance at DIB- The Board
	2-14 Role of the highest governance body in sustainability reporting	Governance at DIB- Our forward looking ESG oversight
	2-15 Conflicts of interest	Governance at DIB- Conflicts of interest
	2-16 Communication of critical concerns	Governance at DIB-Whistleblowing
	2-18 Evaluation of the performance of the highest governance body	Code of Corporate Governance https://www.dib.ae/docs/default-source/disclosures/code-of-corporate-governance.pdf?sfvrsn=62b61861_2
	2-19 Remuneration policies	Code of Corporate Governance https://www.dib.ae/docs/default-source/disclosures/code-of-corporate-governance.pdf?sfvrsn=62b61861_2
	2-20 Process to determine remuneration	Code of Corporate Governance https://www.dib.ae/docs/default-source/disclosures/code-of-corporate-governance.pdf?sfvrsn=62b61861_2
	2-21 Annual total compensation ratio	This is confidential information as per our internal policies
	2-22 Statement on sustainable development strategy	DIB's ESG Vision and Goals
	2-23 Policy commitments	Employee Code of Conduct
	2-24 Embedding policy commitments	Governance at DIB-Governance Policies
	2-26 Mechanisms for seeking advice and raising concerns	Governance - Whistleblowing Policy
	2-27 Compliance with laws and regulations	Business Ethics
	2-28 Membership associations	DIB at a glance- Membership of association
	2-29 Approach to stakeholder engagement	Stakeholder Engagement
	2-30 Collective bargaining agreements	NA

GRI STANDARD	DISCLOSURES	LOCATION
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment
	3-2 List of material topics	Materiality Assessment
	3-3 Management of material topics	Pillar 1: Lead by Example and Pillar 2: Finance a Sustainable Future
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Appendix- Data Tables- Economic Performance
	201-3 Defined benefit plan obligations and other retirement plans	Appendix- Data Tables- Benefits provided to permanent employees
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	Emiratisation
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Appendix- Data Tables- Philanthropic Contributions and Business Ethics
	203-2 Significant indirect economic impacts	Supporting Communities
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Appendix- Data Tables- Suppliers & Procurement Spend
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Anti-Corruption and Fraud
	205-3 Confirmed incidents of corruption and actions taken	Appendix- Data Tables- Philanthropic Contributions and Business Ethics
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Energy Appendix- Data Tables- Energy consumption
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water
	303-5 Water consumption	Appendix- Data Tables- Water Management
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Appendix- Data Tables- GHG emissions
	305-2 Energy indirect (Scope 2) GHG emissions	Appendix- Data Tables- GHG emissions
	305-3 Other indirect (Scope 3) GHG emissions	Appendix- Data Tables- GHG emissions
	305-4 GHG emissions intensity	Appendix- Data Tables- GHG emissions
GRI 306: Waste 2020	306-3 Waste generated	Appendix- Data Tables- Waste Management
	306-4 Waste diverted from disposal	Appendix- Data Tables- Waste Management
	306-5 Waste directed to disposal	Appendix- Data Tables- Waste Management

GRI STANDARD	DISCLOSURES	LOCATION
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Appendix- Data Tables- New employee hires, Employee Turnover Rate - Gender and Age
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Appendix- Data Tables- Benefits provided to permanent employees
	401-3 Parental leave	Appendix- Data Tables- Parental leave (permanent employees)
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Appendix- Data Tables- Minimum notice period regarding operational changes
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Appendix- Data Tables- Employee Training
	404-2 Programs for upgrading employee skills and transition assistance programs	Employee Engagement and Training
	404-3 Percentage of employees receiving regular performance and career development reviews	Appendix- Data Tables- Details of performance & career development reviews
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Embrace Diversity and Inclusion
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Appendix- Data Tables- Philanthropic Contributions and Business Ethics
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Appendix- Data Tables- Philanthropic Contributions and Business Ethics

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