

Fiduciary Rating Report

Dubai Islamic Bank P.J.S.C.

January 2026





الوكالة الإسلامية الدولية للتصنيف Islamic International Rating Agency

FIDUCIARY RATING REPORT

Dubai Islamic Bank P.J.S.C.

Report Date:

January 19, 2026

Analyst:

Hasan Demir, CFA

Credit Rating	Latest Rating (January 19, 2026)	Previous Rating (January 29, 2025)
International Scale	A+/A1	A+/A1
Outlook	Stable	Stable
National Scale	AA (ae)/A1+(ae)	AA (ae)/A1+(ae)
Outlook	Stable	Stable

Fiduciary Scores	Latest Scores (January 19, 2026)	Previous Scores (January 29, 2025)
Overall Fiduciary Score	81-85	81-85
Asset Manager Quality	81-85	81-85
Corporate Governance	86-90	81-85
Shari'a Governance	86-90	81-85

Company Information

- **Incorporated** in 1975
- **Public Joint Stock Company**
- **Major Shareholders:**
Investment Corporation of Dubai – 27.97%
Public, 72.03%
- **External Auditor** : KPMG
- **Chairman:** H.E. Mohammed Al Shaibani
- **Group CEO:** Dr. Adnan Chilwan
- **Branches (Sep '25):** Domestic – 54.

CORPORATE PROFILE

Dubai Islamic Bank P.J.S.C. (“DIB” or “the Bank”) operates as a Shari’a compliant bank in the United Arab Emirates (“UAE” or “the Country”). It is designated a Domestic – Systemically Important Bank (“D-SIB”⁴) by the Central Bank of UAE (“CBUAE”), holding a 7.6% market share in terms of assets. With its international presence in Pakistan, Kenya, Sudan, Indonesia, Turkiye, and Bosnia and Herzegovina, DIB has a global customer base of more than 5mn and a staff strength of over 9,000 personnel, as a Group.

The shareholding structure remained unchanged since our prior review with Investment Corporation of Dubai (“ICD”) owning 27.97% of the Bank, and with the remaining shares listed on Dubai Financial Market (“DFM”). ICD manages a diversified portfolio of assets across a wide spectrum of sectors, reflective of Dubai’s growth focus and strategic priorities. As of YE2024, ICD’s total assets amounted to AED1.5trn (2023: AED1.3trn) with shareholders’ equity of AED361bn.

During 2024 and so far in 2025, the Bank’s business volume growth has accelerated, non-performance indicators have improved notably, profitability has remained strong, and core capitalization stands improved. Investment in digitalization, enhancements to control functions both in terms of staff strength and systems, and accelerated ESG initiatives were amongst the main focus areas.

STRATEGIC INVESTMENTS

The strategic investment of the Bank incorporates mainly subsidiaries and affiliates operating in banking, financial services, brokerage, consultancy, leasing, real estate and property management. In recent years, there has been significant enhancement regarding the Group oversight of key subsidiaries particularly vis-à-vis control functions.

DIB Pakistan, DIB Kenya, and Deyaar Development are the three main subsidiaries of the DIB Group. Deyaar Development accounted for around 2.0% of total asset base of the Group as of December 2024, whereas DIB Pakistan and DIB Kenya accounted for around 1.7% and 0.2% respectively.

Table 1: Key Financial Indicators

AED bn / %	2022	2023	2024	9M’25
Total Assets	288.2	314.3	344.7	393.0
Net Financings	186.0	199.5	212.4	248.3
Deposits	198.6	222.1	248.5	301.9
Total Equity	44.0	47.4	52.9	51.8
Operating Income	10.5	11.7	12.8	9.7
Net Income	5.6	7.0	8.2	5.7
Cost/Income Ratio (%) ¹	24.4%	25.3%	24.7%	26.6%
RoAA (%) ²	2.0%	2.3%	2.5%	2.1%
RoTE (%) ³	17%	20%	24%	22%
Gross NPF Ratio (%)	6.5%	5.4%	4.0%	3.1%
CET1 CAR (%) – Basel III	12.9%	12.8%	13.2%	13.4%
Total CAR (%) – Basel III	17.6%	17.3%	18.3%	16.6%
Financing (Net) / Deposit Ratio (%)	93.7%	89.8%	85.5%	82.2%

¹ Total expenses excluding depreciation divided by the net operating income.

² Annualized for 9M’25.

³ Pre-tax Return on Tangible Equity. Annualized for 9M’25.

⁴ CBUAE’s other 3 D-SIBs include First Abu Dhabi Bank (“FAB”), Emirates NBD (“ENBD”), Abu Dhabi Commercial Bank (“ADCB”)

Economic Review

Global growth is estimated to slow to 3.2% in 2025 from 3.4% in 2024 and further to 3.1% in 2026 as per IMF forecasts, given the prolonged uncertainty, enhanced protectionism, and labor supply shocks which are expected to weigh in on growth prospects. Economic activity in GCC is expected to remain resilient and trending counter to global growth, as overall GCC growth is foreseen to accelerate to 3.9% in 2025 (2024: 2.2%) and further to 4.3% in 2026.

Following a peak in average oil prices in 2022, there has been persistent decline with average price of Brent crude oil being USD 80.5 per barrel in 2024, down from USD 82.5 in 2023. The 2025 outlook is considerably softer with an expectation of USD 69 per barrel, as the global economy has continued to slow down. In addition, an expanding electric vehicle fleet and push towards green energy will weigh negatively on oil demand⁵. Further, the US Energy Information Administration's 2026 forecast of USD52 per barrel oil price affirms weaker longer-term prospects for energy exporters.

According to the Central Bank of UAE's (CBUAE) most recent estimates, UAE economy is projected to post 4.9% real GDP growth for 2025 (2024: 4.0%) as hydrocarbon GDP growth is accelerating towards 5.8% vis-a-vis 1.0% and non-hydrocarbon GDP is seen to remain strong at 4.5% despite moderate slow down vis-a-vis 5.0% growth registered in 2024. Meanwhile, real GDP growth is expected to accelerate further to 5.3% in 2026 with 6.5% and 4.8% growth in hydrocarbon and non-hydrocarbon GDP. This is illustrated in the 7M'2025 period, whereby oil production averaged 2.96mn barrels per day, denoting a 1.3% increase vis-a-vis the same period of the previous year, and reflecting the gradual upward shift of the UAE quota. Oil production is forecasted to maintain uptrend through 2025 and 2026, as per the OPEC+ announced quotas, as well as ongoing and planned upstream and midstream activities.

As of October 2025, the S&P Global PMI survey for the UAE slipped to 53.8, down modestly from 54.2 in September, albeit standing over the summer months' levels, reflecting healthy improvement in operating conditions, driven by a notable rise in new orders and overall business activity. Growth in non-hydrocarbon activity is projected to be driven by the government's strategic plans and policies to attract foreign investment and promote key non-hydrocarbon sectors, such as industrial manufacturing, tourism, transport and the digital economy. Upside potential to CBUAE's growth expectations centers on successful execution of the reform agenda combined with diversification strategies, investment projects, and integration of artificial intelligence, to enhance the economy's resilience; downside risks stem from lower than expected oil prices and global trade policy uncertainties.

UAE's Consumer Price Inflation averaged 1.7% in 2024, notably lower than the global average of 5.7%, and driven mainly by low tradable goods inflation. As per CBUAE's forecast, the CPI may average 1.5% during 2025 and 1.8% in 2026, supported by lower energy and key non-energy commodity prices.

UAE Banking Sector

The UAE banking sector has grown steadily over the years with gradually improving credit offtake and healthy balance sheets. Total assets of the sector registered 14.1% Ytd growth as of September'25 following 12% increase in 2024. Strong domestic economic activity and medium-term growth expectations

⁵ <https://www.eia.gov/outlooks/steo/>

proved conducive to sustained asset growth during 2025 with YoY growth being 18.1% by September'25. Deposit growth of 15.4% YoY over the same period, was driven mainly by private corporate deposits. Meanwhile, LCR and NSFR at 149.4% and 111.4% respectively, denote healthy liquidity.

Table 3: UAE Banking Sector Indicators

Figures as stated ⁶	2021	2022	2023	2024	Q3'25
Gross Assets (AED'bn)	3,322	3,668	4,071	4,559	5,200
Gross Financings (AED'bn)	1,916	2,042	2,192	2,412	2,800
Gross NPF Ratio	7.3%	6.6%	5.3%	4.1%	3.2%
LCR	140.3%	155.9%	160.8%	156.2%	149.4%
Capital Adequacy Ratio	17.1%	17.4%	17.9%	17.8%	17.4%
CET-1 Ratio	14.2%	14.4%	14.9%	14.7%	14.8%
Return on Assets	1.2%	1.4%	2.0%	2.2%	2.2%
Return on Equity	8.2%	10.5%	14.8%	14.7%	15.0%

Healthy economic activity led to continued improvement in asset quality trends, with gross NPF ratio easing to 3.2% as of Sep'25, down from 4.1% and 5.3% respectively for Dec'24 and Dec'23. Meanwhile, net of provisions, impairments in relation to assets fell to 0.7% from 0.9% in Dec'24. In 2024, total risk-weighted assets of the UAE Banking Sector increased by 11.7% vis-à-vis 10.9% growth in eligible equity. Consequently, total CAR for the sector modestly declined

to 17.8% from 17.9%, while CET-1 ratio was down to 14.7% from 14.9%. As of September 2025, CAR and CET-1 attained 17.4% and 14.8% respectively, pointing to sufficient capacity for medium term growth targets.

Having posted 10.5% YoY growth in 2024 and backed by balanced business growth and low provisioning costs amidst improving asset quality, net income for the sector grew 11.4% YoY in 9M'25. After reducing policy rates by 100bps in the September-December 2024 period in line with the US Fed's rate cuts, CBUAE went for three rate cuts aggregating 75bps in September-December 2025 period bringing the policy rate down to 3.65%, which bodes well for non-oil sector growth, as well as the credit demand in UAE.

⁶ CBUAE, Financial Soundness Indicators (Core FSIs) - UAE Banking Sector

Rating Rationale

Sustained potential for growth evident in the banking sector; capital and liquidity buffers indicate adequate room to support expansion in the medium term...

UAE's economic growth has proved to be resilient despite lower oil prices, with increased oil output and robust non-oil activities underpinning recent growth. The UAE economy is projected to post 4.9% real GDP growth for 2025 and is expected to accelerate further by 5.3% in 2026 with 6.5% and 4.8% growth in hydrocarbon and non-hydrocarbon GDP. The banking sector's growth performance was supported by both strong economic momentum as well as accelerated population inflows, reflective of conducive government policies. Moreover, notable decline in non-performance indicators and muted cost of risk held up the sector's profitability in a low-rate environment. CET-1 Ratio at 14.6% and LCR over 150% as of June 2025, depicts healthy capital and liquidity buffers, to allow for continued growth in the medium term.

DIB's business growth likely to accelerate in 2025; the medium-term outlook remains positive...

Strong asset growth during 2024 proved sustainable and continued into the ongoing year, with the management revising its previous estimate of 15% growth in net financings & sukuk to 20%. Increasing corporate business reflected both healthy economic activity in UAE as well as GCC neighbours, most notably in the Kingdom of Saudi Arabia. On the other hand, the retail financing portfolio growth was even stronger due to strong momentum in job creation and population growth. In the medium-term, expectations of better GDP growth in UAE as well as KSA, bode well for DIB's corporate and consumer portfolio growth.

Non-performance indicators continued to soften...

Driven by strong economic activity in UAE as well as recoveries in large-ticket files, there is note-worthy improvement in asset quality during 2024 and 9M'25 period. After softening to 4.0% by YE2024 (YE2023:5.4%), gross NPF ratio eased further to 3.1% as of September 2025, which is the lowest in the last 5 years. In addition, there was a decline in stage-2 exposures in relation to gross financing exposures, with the sum of stage-2 and stage-3 exposures accounting for 7.4% of the financing portfolio as of Sep'25 vis-a-vis 10.9% in Sep'24. In the medium term, the asset quality profile will be supported by buoyant economic activity in UAE and GCC, and the prospective rate cuts by CBUAE.

Robust deposit growth driven by government and corporate deposits...

In the first nine months of 2025, the funding base of DIB rose 17.3% Ytd, with 21.5% expansion in deposit base. As of December 2024, the customer deposits accounted for 92.4% of total funds. The proportion of CASA deposits in total deposits remained range bound at 37.8% - slightly up from 36.6% during 2024, before retreating to 36.1% as of September 2025. Liquidity indicators remain adequate, although the Liquidity Coverage Ratio (LCR) dropped to 144% as of Sep'25 from 159.4% as of Dec'24 (Dec'23: 187.4%), due to acceleration in financing growth, yet remains comfortably above the regulatory threshold. NSFR had also retreated to 108% by Sep'25 (Dec'24: 111.6%).

Maintained strength in capital base, despite the rapid volume growth...

In the 9M'25 period, aggregate shareholders' equity decreased by 1.9% Ytd to AED51.8bn as internal capital generation fell short of the decline in capital from redemption of AED2.8bn tier-1 sukuk. In 2025, Dubai Islamic Bank has paid 45% of paid-up capital as cash dividend to shareholders, which amounted to AED3.3bn.

In the first nine months of 2025, the growth of regulatory capital did not keep pace with growth in risk weighted assets, partly due to the redemption of tier-1 sukuk causing aggregate CAR to decline to 16.6% from 18.3% in Dec'24. However, CET-1 ratio-maintained uptrend reaching 13.4% as of September 2025. Despite the decline, DIB's total CAR remains comfortably above the 13.5% regulatory threshold.

Board of Directors remained unchanged; focus on strengthening control functions has been a strategical pillar...

There has been no change in DIB's Board of Directors since IIRA's prior review. The Board has more than adequate independent representation and operates with its six committees. The focus on improving the control functions has been maintained in 2025 as well, by enhancing the skill sets and technological infrastructure of the functions. Meanwhile, CBUAE's Credit Risk Management Regulations and Guidelines, which became effective in October 2025, are expected to strengthen governance, risk oversight, and operational resilience within the banking sector.

Financial Analysis

Asset Mix

Table 4: Asset Mix

AED bn	2022	2023	2024	9M'25
Cash & Cash Equivalents	31.1	28.5	32.3	29.1
Financing Portfolio	186.0	199.5	212.4	248.3
Investment Portfolio	62.0	78.1	91.0	104.5
Other Assets	9.1	8.2	9.0	11.1
Total Assets	288.2	314.3	344.7	393.0

Dubai Islamic Bank's balance sheet grew at a steady 9.7% in 2024 and paced higher in 9M'25, at 14.0% Ytd underpinned by robust deposit mobilization. Following 6.5% increase for the year, net financings portfolio expanded by 16.9% Ytd during 9M'25 comprising 63.2% of the

balance sheet (YE'24:61.6%). Driven predominantly by the Sukuk portfolio, the increase of 14.8% Ytd in investment portfolio during 9M'25 followed 16.5% increase in 2024.

Compared to the initially stated budget of 15% for 2025, net financing & sukuk portfolio grew 17% in 9M'25 which led to a revision in DIB's guidance suggesting 20% growth for full year, supported by strong underwriting and a healthy pipeline across all segments. Around 70% of total financing exposures were driven by the local & cross border corporate business as of September 2025 which registered AED 46bn in gross new underwriting Ytd (up 41% vis-a-vis 9M'24). Services sector constituted 19% of gross financings (YE'24:20%) followed by government and real estate at 17% each (YE'24:21% and 18% respectively). Meanwhile, the proportion of exposures to aviation edged up slightly to 10% from 8% and FI's to 8% from 5%, which enhanced the sector diversification of exposures.

As a reflection of strong economic activity driving employment creation, and accelerated population growth supported by an easy visa regime, consumer financing activity has been booming in UAE. The financing growth in DIB's consumer segment realized at 21% Ytd with home finance accounting for 42% of the total portfolio, followed by personal finance at 34%.

The Bank's sukuk exposures had depicted Ytd growth of 16% to reach AED 95bn as of September 2025, with new sukuk volumes amounting AED 18bn till then – 19% higher than 9M'24 period. The portfolio is dominated by government exposures comprising 65% of the portfolio whereas FI's denote 18% of sukuk portfolio.

Asst Quality

Table 5: Asset Quality Indicators

AEDbn / %	2022	2023	2024	9M'25
Gross Financing	194.8	208.4	219.2	255.1
Total Assets	288.2	314.3	344.7	393.0
Stage-3 Financings	13.0	11.5	9.1	8.1
Net Stage-3 Financings	6.3	4.8	4.0	3.2
Net Stage-3 Financings/ Total Assets	2.2%	1.5%	1.2%	0.8%
Gross Impairment Ratio ⁷	6.7%	5.5%	4.2%	3.2%
Net Impairment Ratio ⁸	3.4%	2.4%	1.9%	1.3%
Stage-3 Provisioning / Stage-3 Financings	51.5%	58.1%	56.1%	60.8%
Total Provisions / Stage-3 Financings	67.7%	77.4%	74.0%	84.0%

Driven by strong economic activity in UAE as well as recoveries from large-ticket files, improvement in asset quality continued during 2024 and 9M'25. Stage-3 financings fell 11.8% in 9M'25 following 20.5% decline in 2024 to AED 8.1bn (YE'24: AED 9.1bn, YE'23: AED11.5bn). Having eased by 130bps in 2024 to 4.2%, the

gross impairment ratio declined to 3.2% as of Sep'25 which is the lowest in the last 5 years. In addition, there was decline in stage-2 exposures in relation to gross financing exposures with aggregate stage-2 and stage-3 exposures accounting for 7.4% of financing portfolio as of Sep'25, down from 10.9% in Sep'24.

Likewise, provisioning coverage stood enhanced with cash coverage upping to 107% in Sep'25 from 97% in Dec'24 and total coverage inclusive of collaterals strengthening to 149% vis-a-vis 138%. Hence, the net stage-3 financings in relation to assets eased to 0.8% in Sep'25 vis-a-vis 1.2% in Dec'24 and 1.5% in Dec'23. In the medium term, the asset quality profile will be supported by buoyant economic activity in UAE and GCC and the prospective rate cuts by FED.

Funding and Liquidity

Table 6: Funding Mix

AED'bn/ %	2022	2023	2024	9M'25
Total Customer Deposits	198.6	222.1	248.5	301.9
Bank and FI Funding	12.8	13.0	5.9	3.5
Sukuk	22.3	20.5	24.2	21.4
Total Funding Base	233.7	255.6	278.6	326.8
Growth (y/y)	2.1%	9.3%	9.0%	22.3% ⁹

In 2024, 9.0% growth in funding base stood a tad below growth in prior year, as customer deposits ticked up 11.9% and funds from sukuk issuance rose 18.0% YoY. Funding growth accelerated further to 17.3% Ytd in 9M'25, led by 21.5%

expansion in deposits, constituting 92.4% of total funds.

Deposit growth during 2024 was mainly driven by government (including Sovereigns & non-commercial PSE) deposits which surged 41.6% YoY rising to 29.7% (2023: 23.5%) of deposits and reflecting also onto concentration of deposit sources. On the other hand, retail and corporate segments' deposits grew by 1.5% and 4.2%. The proportion of CASA deposits remained range - bound as it increased to 37.8% from 36.6% during 2024 before retreating to 36.1% as of September 2025. Uptrend in concentration was maintained in the ongoing year in tandem with strong deposit growth as the top-20 depositors' funds corresponded to 38.0% (2024: 35.6%, 2023: 30.3%) of aggregate customer deposits as of June 2025.

⁷ Gross Impairment Ratio = Stage-3 Financings divided by Gross Financings

⁸ Net Impairment Ratio = Net Stage-3 Financings divided by Net Financings

⁹ 9M'25/9M'24

Following a steady increase to 41.1% until December 2024 owing to abundant liquidity in UAE along with modest headline financing growth, the coverage of funding base via liquid assets eased to 38.0% in Sep'25 driven by sharp increase in financing exposures.

Table 7: Liquidity Indicators

AED'bn/ %	2022	2023	2024	9M'25
Liquid Assets	83.5	96.9	114.5	124.2
Gross Financings / Total Deposits	93.7%	89.8%	87.4%	84.5%
Liquid Assets /Total Funding	35.7%	37.9%	41.1%	38.0%
Liquid Assets /Total Assets	29.0%	30.8%	33.2%	31.6%

Having decreased to 159.4% as of Dec'24 from 187.4% in Dec'23, the Liquidity Coverage Ratio (LCR) eased further to 144% as of Sep'25 due to acceleration in financing growth yet remains comfortably above the regulatory threshold. Similarly, the NSFR retreated to 108% as of Sep'25 (Dec'24:

111.6%), however, indicates resilience in liquidity risk indicators.

Capitalization

Total equity grew by 11.4% YoY to AED52.9bn in 2024 due both to robust internal capital generation as well as the issuance of new tier-1 sukuk which enhanced the quantum of tier-1 sukuk base by 22.2% to AED10.1bn. Meanwhile, during 9M'25, the aggregate shareholders' equity decreased by 1.9% Ytd to AED51.8bn as internal capital generation fell short of the amount redeemed in lieu of the AED2.8bn tier-1 sukuk. In the early part of the current year, Dubai Islamic Bank paid 45% of paid-up capital as cash dividend to shareholders, which amounted to AED3.3bn (45% and AED3.3bn in 2024 as well).

Table 8: Capitalization Indicators

AED 'bn / %	2022	2023	2024	9M'25
Capital Adequacy Ratio	17.6%	17.3%	18.3%	16.6%
Tier 1 Ratio	16.5%	16.1%	17.2%	15.9%
CET1 Ratio	12.9%	12.8%	13.2%	13.4%
Net NPFs % Total Equity	14.3%	10.1%	7.6%	6.2%
Total Equity	44.0	47.4	52.9	51.8
Total Equity/Total Assets	15.3%	15.1%	15.3%	13.2%

Aggregate risk weighted assets have grown 13.7% Ytd so far in 2025, following 3.4% increase in 2024 to AED292.4bn. Of this, 91.0% is driven by credit risk

weighted assets. On the other hand, total regulatory capital rose 3.2% Ytd in 2025 to AED48.6bn following 9.8% expansion in 2024. Resultantly CAR dropped to 16.6% as of September 2025 (2024: 18.3%; 2023:17.3%) whereas CET-1 Ratio reached 13.4% (2024: 13.2%, 2023: 12.8%). While the Bank's CAR is well above the regulatory threshold of 13.5% inclusive of capital conservation buffer of 2.5% and D-SIB buffer of 0.5%. In the medium term, current excess capital buffers of around 310bps and prospective internal capital generation appear adequate for the Bank's growth ambitions. At 11.3% as of September 2025, the Basel-3 leverage ratio remains well in excess of the regulatory threshold of 3.5%.

Profitability

Table 9: Profitability Indicators

AED'bn/ %	2022	2023	2024	9M'25
Net Core Income ¹⁰	8.1	8.7	8.9	6.6
Net Income (Loss)	5.6	7.0	8.2	5.7
ROAA (%) ¹¹	2.0%	2.3%	2.5%	2.1%
ROAE (%) ¹²	13.0%	15.3%	16.3%	14.5%
Spread	3.6%	3.4%	3.0%	2.5%
- Return on Earning Assets	5.1%	6.8%	6.9%	5.9%
-Cost of Funding	1.6%	3.4%	3.9%	3.4%
Cost/Income Ratio ¹³ (%)	24.4%	25.3%	24.7%	26.6%

DIB's net earnings after tax grew by 17.1% YoY to AED 8.2bn in 2024 whereas pre-tax net income had paced higher at 26.7% increase over prior year. The relatively muted gains on the bottom-line were a result of higher corporate income tax. Upward momentum in earnings carried through into 9M'25 marking a further 4.3% increase YoY and an RoAA of 2.1% - broadly in line with prior years and before

the imposition of higher taxes.

The 10bps narrowing of spreads in 2024, clipped margin income. Increase in net operating income by 10% YoY was owing primarily to the 33.3% YoY surge in non-spread income, despite some contraction in net fee income which comprised 45.0% non-spread income. Non-spread income got a boost from the 114.9% surge in income from investment properties, which came on the back of a buoyant real estate market, and was further supplemented by a 125.8% increase in share of profit from associates and JVs, given better performance.

Margin contraction continued with net profit margin softening to 2.7% for 9M'25 from 3.0% in 2024. Meanwhile, sharp growth in non-spread income in 2024 was carried onto 9M'25, causing net operating income to rise by 6.5% to AED9.7bn, and supported as before by income from properties held for development and sale and further increase in income from associates and JVs.

Following 8.3% growth for 2024, total operating expenses upped 8.6% during 9M'25 mainly on the back of higher staff costs whereas G&A expenses grew more modestly at 5.2%.

Discernible improvement in asset quality has resulted in reduced impairment charges supporting profitability during 2024 and 9M'25. Having eased by 70.9% in 2024, provisioning charges declined by 44.9% during 9M'25. Cost of risk was substantially lower at 12bps and 14bps for 9M'25 and 2024 respectively vis-a-vis 57bps in 2023 - well below normalized levels as per management guidance, and given sizable recoveries, which eased net provision requirements.

Going forward, accelerated volume growth should more than compensate for pressure on margins which will be relatively less significant in DIB compared to its competitors due to its relatively lower CASA deposits in total deposit mix and higher percentage of fixed rate financings. Non-funded income growth is projected to remain healthy given positive outlook for subsidiaries and a buoyant real estate market, whereas normalized provision charges and higher operating expense may dampen some of the gains.

¹⁰ Net Core Income = Income from Islamic financing and investing transactions - depositors' and sukuk holders' share of profit

¹¹ Annualized for 9M'25

¹² Annualized for 9M'25

¹³ Depreciation of investment properties and depreciation of property and equipment excluded from cost base while calculating the Cost/Income Ratio

Upside potential stems from the possibility of DIB lowering its effective tax rate back to 9% in 2026 from 15% in 2025, pending regulatory clarity and necessary approvals.

CORPORATE GOVERNANCE

As a listed bank in UAE, DIB is committed to operate in compliance with the governing laws of the UAE and applicable regulations and directives issued by the Central Bank of the United Arab Emirates (“CBUAE”), the Securities and Commodities Authority of the UAE (“SCA”) and the Dubai Financial Market (“DFM”).

CBUAE’s Corporate Governance Regulations comprise provisions applicable to all licensed banks, including their subsidiaries, affiliates, and international branches. Relevant regulations and standards cover areas such as expectations in relation to the board (responsibilities, composition and qualifications, structure and committees), senior management, compensation, risk management, internal controls, compliance, internal and external audit, financial reporting, outsourcing, Shari’a governance and group oversight, and transparency. Meanwhile, CBUAE’s Credit Risk Management Regulations and Guidelines, which became effective in 2025, are expected to strengthen governance, risk oversight, and operational resilience within the banking sector.

In September 2025, UAE has issued Federal Decree Law No. 10 of 2025 as an initiative to further enhance its anti-money laundering and counter terrorist financing legal and regulatory framework. The Bank’s Code of Corporate Governance, updated as of September 2025, provides guidelines based on key corporate governance principles and practices adopted, and identifies responsibilities of the Board and its committees, and senior management. The Code indicates management committees to be set up, establishes lines of delegation of authority, showcases an overview of the framework relating to the control environment including risk management, Shari’a governance, oversight of subsidiaries and affiliates, and governance policies.

The Bank’s Corporate Governance unit is responsible for monitoring and assessing all developments regarding corporate governance, including reviewing compliance with the Code of Corporate Governance. In collaboration with group functions, the unit provides Board Risk Compliance and Governance Committee updates on the Bank and its Group entities, in respect to governance matters, on a periodic basis.

Board of Directors

The Board of Directors of Dubai Islamic Bank comprises nine directors in line with local regulations. There has been no change in Board composition since IIRA's prior review. Board composition is in line with minimum requirements, vis-à-vis independence, limiting Executive directorships, requiring gender diversity and securing participation of local talent.

Table 10: Board Composition

Name of Director	Classification/Affiliation	Association with DIB since
H.E.Mohammad Al Shaibani	Chairman/Non-Executive	2008
Eng. Yahya Saeed Ahmed Nasser Lootah	Vice Chairman/Non-Executive	2011
Mr. Hamad Abdulla Rashed Obaid Al Shamsi	Member/Non-Executive	2011
Mr. Ahmad Mohammad Saeed Bin Humaidan	Member/Non-Executive	2008
Mr.Abdul Aziz Ahmed Rahma Mohamed Al Mheiri	Member/Non-Executive	2011
Dr. Hamad Buamim	Member/Independent/Non-Executive	2014
Mr. Bader Saeed Abdulla Hareb	Member/Independent/Non-Executive	2023
Dr. Cigdem Kogar	Member/Independent/Non-Executive	2023
Mr. Javier Marin Romano	Member/Independent/Non-Executive	2016

- **Independence:** CBUAE regulations prescribe one-third independent representation on the Board, as well as the Chairman being independent or non-executive. We noted four independent board members and a non-executive Chairman, which satisfy relevant regulations. None of the Board members is a member on any other operational UAE Bank's BoD.
- **Directors' Orientation:** The induction of the Board members is overseen by Board Nomination and Remuneration Committee. Contents of the orientation program are comprehensive, and professional training is aimed at keeping members up to date on latest global and domestic trends in banking.
- **Evaluation of the Board:** The Board has undertaken to conduct an assessment of itself, its committees and directors on an annual basis. The BNRC is responsible for presenting recommendations to the Board regarding the approach for the assessment, and oversees the process, ensuring compliance with the requirements prescribed by the CBUAE. An external third party is engaged to conduct an independent assessment at least once every 3 years. In 2024 and 2025, the Board engaged an external institution to conduct an independent assessment.
- **Meeting frequency and attendance:** As per local regulations and DIB's Code of Corporate Governance, the Board must convene at least 6 times each year. For the year 2024, the Board had

7 meetings with strong attendance from its members (average attendance rate of 98%). In the year 2025, the Board has convened 7 times (average attendance rate of 95%).

- **Board Remuneration:** BNRC reviews and makes annual recommendations to the Board on the level of Directors' remuneration, which comprises fixed compensation towards annual retainership and membership on the Board and Board committees, and attendance fees for committees' meetings. The total amount of these components for each year is determined at the General Assembly meeting and may not exceed 10% of the Bank's net profit, after deducting depreciation and reserves. For the year 2024, total remuneration of the Board members amounted to AED26.2mn (2023: AED23.9mn).
- **Board Committees:** There are six committees at the Board level: Board Audit Committee ("BAC"), Board Nomination and Remuneration Committee ("BNRC"), Board Risk Compliance and Governance Committee ("BRCGC"), Board Credit and Investment Committee ("BCIC"), Board Sustainability Committee ("BSC"), and Board Profit Distribution Management Committee ("BPDMC").

Committees' members comprise Board members and in case of BPDMC a representative of the Internal Sharia Supervision Committees ("ISSC") is also included as recommended by CBUAE and as per best practices. The composition of the committees complies with applicable regulatory requirements. With the exception of BCIC which comprises four members, all committees have three members.

According to the Corporate Governance Code of the Bank, all members of the BAC are to be Non-Executive Directors, with at least two being independent; members of the BCIC may be non-executive or independent; members of the BNRC are to be Non-Executive with at least two being independent, and the members of the BRCGC must be Non-Executive with an independent majority. In addition, BAC and BRCGC should have at least one common member to support coordination. The Chairman of the Board cannot be appointed as a member of any Board committee. DIB's committee structure meets these criteria as well as satisfying global best practices for the composition of committees.

Self-Regulation

Risk Management

Organization and Reporting: The Group Risk Management Department (“GRMD”) is led by the Group Chief Risk Officer (“GCRO”) who reports to the BRCGC and Group CEO, while maintaining close coordination with senior management and business functions. The Board approves the risk appetite statement, the Risk Management Framework and material risk policies. Through the BRCGC, the Board actively monitors DIB’s risk management activities and risk profile ensuring appropriate actions are instituted wherever required. Board Credit & Investment Committee oversees the underwriting side, deliberating on recommendations from the Management Credit Committee.

Management level committees comprising the Management Credit Committee, Risk Management Committee, Asset and Liability Committee, Provision and Impairment Review Committee, Model Risk Management Committee and Capital Review & Optimization Committee contribute to the risk supervision of the Bank.

Scope: The responsibilities of GRMD include executing the Bank’s overall risk management approach, strategies, framework and policies approved by the Board; ensuring continuous oversight on all risk aspects across the Group including risk identification, monitoring, reporting and escalation; incorporating the ESG risk elements into the Risk Management Framework by developing an ESG Risk Policy; operating an efficient reporting mechanism to the Board and senior management which gives a group-wide view of all material risks; promoting a culture of risk awareness, prevention and management across the Bank; and providing risk related guidance, training and awareness.

Key Areas of Focus for upgrade: GRMD’s recent initiatives included enhancing the alignment between business strategy and risk; integrating risk further into the Bank’s reward structures by expanding the risk-based key performance indicators for material risk takers to foster a more resilient risk culture; creating specialized functions within the Department for market conduct risk, third party risk and ESG risk to ensure continued focus on these emerging risk types; and upgrading the risk management model for a more nuanced output. Close coordination and oversight over the subsidiaries was maintained whereby the hiring of a new Chief Risk Officer for DIB Pakistan was noted.

Enhancements to the staff strength of the Department continued with more notable additions to the risk modelling and validation teams. There was a CBUAE review regarding the Model Risk Management Standards whereby all identified observations and gaps were closed in Q2’25.

On the ESG front, the ESG scorecards by way of exposure were completed for all of the wholesale portfolio. Meanwhile, CBUAE’s Credit Risk Management Regulations and Guidelines, which became effective in from the start of 2025, are expected to strengthen governance, risk oversight, and operational resilience within the banking sector.

Group Compliance

Organization and Reporting: The Group Compliance Function is led by Group Chief Compliance Officer (GCCO) who provides quarterly updates to the BRCGC. In addition, GCCO provides monthly updates to the management level Compliance Committee.

Adequacy of Scope: Board approved Compliance Policy establishes the authority, responsibility and independence of the Compliance function. The responsibilities of the Function comprise implementing the Bank's overall compliance program framework, monitoring compliance with new and existing regulations and detection of money laundering, terrorist financing and proliferation financing activities. The function reports suspicious activities and/or transactions to regulatory authorities, and to senior management and the BRCGC, while providing a group-wide view of compliance. Furthermore, the function provides compliance-related guidance and advisory and implements mechanisms that sustain a culture of compliance across the organization.

Key Focus Areas: The Bank continues to strengthen compliance framework through initiatives including updating relevant policies and processes to better align these with local and international best standards and evolving business conditions and risk environment. Moreover, there are ongoing enhancements to Financial Crime systems for improved detection, prevention and reporting capabilities, in addition to enhancements to risk assessment methodologies built on a risk-based approach as well as enhanced group oversight through improved collaboration and cooperation efforts with the subsidiaries' compliance functions, which have depicted significant improvement since 2023. There is continued focus on staff training and awareness across DIB.

There will be continued focus on improving systems to further enhance efficiency.

Group Internal Audit

Organization and Reporting: DIB's Group Internal Audit ("GIA") function is led by the Group Chief of Internal Audit who reports functionally to Board Audit Committee and administratively to the Group CEO. In the last couple of years, there has been a notable increase in the number of BAC meetings which highlights more frequent involvement with the Board.

Scope: The roles and responsibilities of the GIA Function are defined in the Internal Audit Charter approved by the BAC, and publicly available on the Bank's webpage. It was updated during the ongoing year to reflect the Institute of Internal Auditors' new Global Audit Standards which went into effect as of January 2025. GIA is governed by the specific regulations related to Internal Audit as issued by the Central Bank of the United Arab Emirates, the Securities and Commodities Authority and the mandatory elements of the Institute of Internal Auditors' Global Internal Audit Standards and Topical Requirements.

The scope of the Group Internal Audit Function encompasses providing independent assurance and advisory audit services to the Board through the BAC, and management, on the adequacy and effectiveness of governance, risk management, compliance systems and control processes; effectiveness and efficiency of internal control; reliability and integrity of management information systems and processes and compliance with laws, regulations, standards and the instructions of the CBUAE. All activities of DIB and its subsidiaries fall within the scope of the GIA.

Key Areas of Focus: Initiatives during the year 2024 & 2025 included conducting a readiness assessment to ensure GIA's conformance with the IIA's Global Internal Audit Standards which became effective in January 2025, updating the audit methodology and ensuring alignment with the updated requirements of the new Global Internal Audit Standards, offering internal and external professional development opportunities to staff aimed at strengthening their skills and competencies, executing a robust quality assurance mechanism to enhance ongoing monitoring, and drive continuous improvement of GIA practices in alignment with the Quality Assurance and Improvement Program. GIA has also enhanced its oversight of subsidiaries and affiliates through effective risk-based auditing.

A climate risk and sustainability audit was planned for Q4'25, which will be supported by an external expert as well. Meanwhile, the external assessment of GIA is scheduled for Q1'26.

Transparency

DIB's financial statements have been prepared in accordance with International Financial Reporting Standards and applicable requirements of the laws of the UAE. The financial statements in 2024 were audited by Deloitte & Touche who provided an unqualified opinion. For 2025, KPMG was appointed as the external auditor.

The Bank's disclosures on its webpage comprise an integrated annual report inclusive of Corporate Governance Report, Sustainability Report and annual financial statements as well as annual report of the Internal Shari'a Supervision Committee. Also available, are the Articles of Association, the Code of Corporate Governance, Sustainable Finance Framework, Internal Audit Charter, Pillar III Disclosures, Sustainable Finance Report, Sustainable Sukuk Impact Assessment Methodology, a review report on DIB's Sustainable Finance Report by an external party, Sustainability-Linked Finance Facilities Financing Framework, Responsible Investment Framework, quarterly investor presentations and audio recordings of quarterly earnings release webinars, the management's discussion and analysis on quarterly results, agenda and resolutions of the General Assembly meetings, Zakat disclosures, and info pertaining to sukuk issuances. In addition, as a listed bank, timely material information is made available to the Exchange. Overall, the disclosures are considered strong and supported by a regulatory framework.

Sustainability

DIB's sustainability strategy closely aligns with UAE's national goals, including Net Zero by 2050 initiative, underscoring the bank's role as a key partner in the country's sustainable development and climate ambitions. Under the United Arab Emirates Ministry of Climate Change and Environment's "UAE Sustainable Finance Framework 2021 – 2031" and the DIB ESG strategy, the Bank has committed to allocating 15% of its portfolio towards sustainable finance by 2030 and achieve Net Zero in its scope 1 and 2 emissions by 2030, in its UAE operations.

In the 9M'25 period, DIB Facilitated AED25bn of sustainable sukuk issuance accelerating the growth of sustainable issuances in the Islamic capital markets. Within the context of its objectives of significantly increasing the share of financing activities towards sustainable projects, DIB facilitated a landmark USD3.25 bn sustainability-linked financing for GEMS Education, underscoring its commitment to UAE's growth and sustainability agenda within the education sector. Having underwritten AED4.0bn in new sustainable finance in the first nine months of 2025, the Bank's total portfolio reached AED16.7bn as of

September 2025, across various sectors such as utilities, aviation, real estate and waste management, including financing of around 3,300 EVs. The Bank has expanded its sustainability disclosures to include key areas such as Responsible Investment, Human Rights, and Financing Exclusions demonstrating alignment with global best practices.

In November 2025, the Bank issued its first sustainability-linked sukuk of USD1bn introducing a performance-linked structure to the Bank's sustainable finance platform.

SHARI'A GOVERNANCE FRAMEWORK

CBUAE regulates the Islamic financial industry, subject to supervision of the Higher Shari'a Authority ("HSA"), established in 2018, to align the local regulatory framework with best practices in Islamic Finance. HSA implements laws and regulations, enhancing compliance with Shari'a, and governance in the Islamic financial industry and issues resolutions and guidance about the adoption of new Shari'a compliant products to be offered by Islamic Financial Institutions ("IFIs") considering the consumer protection principles and transparency requirements of Islamic products. Aside from setting the Shari'a standards for all banks, and reviewing the new product structures, HSA is responsible for approving the annual Shari'a reports of the banks, the members of Internal Shari'a Supervision Committees, as well as the heads of the Group Internal Shari'a Control and Shari'a Audit functions.

Brief summary of Shari'a Governance framework for Islamic banks in UAE is as follows:

- IFIs must establish effective internal Shari'a controls comprising three lines of defense approach that are independent from each other which includes:
 - the first line of defense, represented by the business line;
 - the second line of defense, represented by the internal Shari'a control division; and
 - the third line of defense, represented by the internal Shari'a audit division.
- IFIs must have Shari'a governance policies and mechanisms covering all their operations and activities to ensure compliance with Islamic Shari'a. The Board should maintain effective communication with the ISSC to discuss Shari'a compliance-related issues at least once a year. Furthermore, the Board's Risk Committee must monitor the management of Shari'a non-compliance risk and institute controls accordingly, in consultation with ISSC and through the internal Shari'a control division or section.
- ISSC's responsibilities include undertaking Shari'a supervision of all businesses, activities, products, contracts, documents, and code of conduct of the IFI, issuing fatwas and resolutions that are binding upon the IFI, monitoring through internal Shari'a control division and internal Shari'a audit. Also, reviewing and approving the method for calculation and distribution of profits, and for allocation of expenditures and costs and distribution thereof between investment account holders and shareholders, and review of annual accounts from Shari'a perspective, before presenting to CBUAE, falls within the scope of the ISSC. The ISSC also issues an annual report on IFI's compliance with Islamic Shari'a which is published as part of the financial statements. Furthermore, in case of Shari'a non-compliance, the ISSC must review and approve corrective measures.

- ISSC must meet at least four times in a given year with a period between two meetings not exceeding 120 days. In addition, the attendance of ISSC members must not be less than 75% of the total meetings held during a year.
- In coordination with the Chairman of ISSC, an IFI must develop an evaluation system for ISSC members.
- The internal Shari'a control division and internal Shari'a audit division must be separate in terms of reporting. The Internal Shari'a control division or section should be responsible for the Secretariat of ISSC, providing consultation based on the ISSC's fatwas and resolutions, Shari'a research & development, Shari'a compliance, and Shari'a training. The internal Shari'a audit division executes Shari'a audits and monitors an IFI's compliance with Shari'a. The internal Shari'a audit division is to biannually submit its reports to the ISSC and the Board audit committee.
- In order to ensure that profit equalization, including utilization of reserves such as PER and IRR, is appropriately checked and monitored, the Board must form an independent committee mandated to scrutinize the utilization of such reserves and to make appropriate recommendations to the Board. This Committee shall comprise at least three members: an independent non-executive director (preferably chairing the Committee); a member of the Board; and a member of the ISSC.

Chapter 6 of the Federal Law No. 50 of 2022 empowered the CBUAE's Board of Directors to issue bylaws and regulations on Shari'a-compliant contracts, products and services based on the HSA's recommendation to ensure comprehensive coverage of Islamic financial transactions. The law provides legal ground for products and services while safeguarding the interests and rights of different concerned parties. It includes several provisions around the main structures used in Islamic finance, such as Murabaha, Istisna, Salam, and Ijara.

In the year 2024, CBUAE issued a standard and associated guidance note on Shari'a compliance functions at Islamic financial Institutions targeting to improve the implementation of the second line of defense in the Shari'a governance framework. In 2024, the Higher Shari'ah Authority released Guiding Principles Regarding Sustainability in Islamic Financial Institutions to expand Shari'a controls into sustainability.

In May 2025, the UAE Cabinet has approved the UAE Strategy for Islamic Finance and the Halal Industry which targets to grow the assets of Islamic banks from AED 986bn to AED2.56trn within six years and increase Islamic sukuk issuances to over AED660bn by 2031. A committee, led by the CBUAE Governor has been established to oversee the execution of the strategy, reflecting the UAE's commitment to diversifying and expanding its economy in Islamic finance.

DIB's Shari'a Governance Framework

DIB's Shari'a Governance framework comprises Internal Sharia Supervision Committee (ISSC) as the highest authority, in addition to the Group Internal Shari'a Control Division ("GISCD") and Group Internal Shari'a Audit Division ("GISAD").

The Bank has been enhancing its Shari'a Governance Framework ("SGF") through various initiatives comprising reviewing the effectiveness of the SGF in accordance with the requirements of the CBUAE, enhancing interactions with Shari'a control functions of subsidiaries and affiliates, promoting Sharia

knowledge across DIB through enhanced learning and education programs, developing 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.

ISSC Composition & Membership

Table 11: ISSC's Composition

ISSC Members	Role
Dr. Muhammad Abdulrahim Sultan Al Olama	Chairman
Dr. Mohamed Bin Ali Bin Ibrahim Elgari Bin Eid	Vice Chairman
Dr. Mohamad Akram Bin Laldin	Member
Dr. Muhammad Qaseem	Executive Member

The ISSC of Dubai Islamic Bank is composed of four scholars and is chaired by Dr. Muhammad Abdulrahim Sultan Al Olama. ISSC members are renowned Shari'a scholars and Islamic finance experts. The board nominates ISSC members to

the general assembly for approval. Nominees are also subject to HSA approval. The term of the ISSC members is three years, with their appointment reconfirmed by the shareholders on an annual basis and there is no upper limit on the number of years members can serve on the ISSC. Among the four members of ISSC, one member has the role of an executive member who maintains constant interaction between the Group Internal Shari'a Control Department (GISCD), Group Internal Shari'a Audit functions, and senior management to provide Shari'a-related guidance for urgent matters. In addition, as per new regulatory directives, the Bank is in the hiring process for two trainee scholars to ISSC, who will be inducted as ISSC members in 2028, subject to necessary approvals.

In 2024, ISSC held 17 meetings with full attendance by the members, and conducted detailed discussions amongst the ISSC, its Executive Member and the GISCD. In addition, the Board and ISSC met twice during the year to discuss Shari'a related matters to support the Board in discharging its responsibility in relation to the Bank's Sharia compliance.

Remuneration, Evaluation and Assessment

The remuneration of ISSC members is determined by the Board of Directors and does not incorporate any performance-linked elements as per global best practices and local regulations.

ISSC executes annual evaluation of the ISSC as a whole and its members as per the regulations and standards set by the HSA and submits it to the HSA at the end of each year.

Independence

To ensure independence, CBUAE has outlined minimum criteria for ISSC's membership. The Bank complies with the said requirements, ensuring no commercial relationship with ISSC members. Furthermore, ISSC affirms its independence under a statement in its annual report submitted to the general assembly.

Report

ISSC prepares and submits an annual report to the General Assembly and HSA for approval which is published with the Bank's Integrated Annual Report and is publicly available. ISSC's Annual Sharia Report describes its responsibilities, the standards to which ISSC adheres to, duties fulfilled by ISSC during the year, its declaration of independence and finally states its opinion on compliance of the Bank's activities with Shari'a. For the year 2024, ISSC stated in its annual report that DIB's activities during the year were in compliance with Shari'a except for certain instances of non-compliance, whereby the Committee provided directions to take appropriate measures.

Group Internal Shari'a Controls

Organization & Reporting: The Bank has instituted a Group Internal Shari'a Audit Department ("GISAD"), and Group Internal Shari'a Control Department ("GISCD"). Both functions' heads report to the Board in accordance with the Shari'a Governance standards for IFIs and execute responsibilities in consultation with ISSC. GISAD reports to BAC and GISCD to BRCGC. GISCD coordinates closely with Compliance and Risk Management functions while GISAD maintains active liaison with the Internal Audit Function.

Scope, Role & Responsibilities: GISAD examines all activities, including financial statements and key departments, as well as the governance framework to ensure that the Bank is in compliance with Shari'a and ISSC guidelines as per annual audit plan approved by the ISSC and endorsed by the BAC.

The responsibilities of GISCD comprise supporting the ISSC in complying with its mandate and regulatory requirements, providing consultation and advice based on the ISSC's fatwas and resolutions, reviewing Shari'a related inquiries and issues, contracts, documents and other matters related to business and documentation, monitoring the Bank's compliance with resolutions, fatwas, regulations and standards issued by the HSA, organizing training for employees related to compliance with Shari'a, and issuing quarterly Shari'a compliance report, which is to be reviewed by the ISSC and then submitted to the CEO. The Shari'a compliance of GISCD reports on matters concerning compliance with the principles of Shari'a, regulations, Shari'a pronouncements of ISSC, and resolutions and standards issued by Higher Shari'a Authority, to ISSC and the Group CEO.

Following the issuance of CBUAE's standard regarding the Sharia Compliance Function, the Bank reinforced and strengthened its Sharia Compliance Division under the Group Internal Shari'a Control Department and added 10 staff to its resource base.

Income Purification

Shari'a Non-Compliant Income: Income resulting from transaction errors, as determined by the ISSC, are directed to the charity account of the Bank. Late payment donations are also included as non-compliant receipts. In line with the policy approved by the ISSC, the Group is required to identify such amounts to be set aside in a separate account for charitable causes and activities.

Shari'a non-compliant receipts amounted AED1.3mn in 2024 – largely comparable over prior year. In 2024, the Group has disbursed AED93mn from the charity fund of the Bank for various social contribution purposes. The disbursement from charity fund was carried out in accordance with the approved Zakat and charity policy of DIB in accordance with guidance of ISSC.

Zakat: On behalf of the shareholders, the Bank computes Zakat using AAOIFI's standard under the "Net Investment Funds Method", which is then approved by ISSC. Zakat on depositors' investment risk reserve is included in Zakat payable and is deducted from the depositors' investment risk reserve balance. Zakat payable was AED 581.5mn, including Zakat on depositors' investment risk reserves, at end 2024.

Shari'a Disclosures

The Bank's disclosures on Shari'a governance are deemed to be strong. Publicly available sources disseminate adequate information about Shari'a governance framework of the Bank, responsibilities of ISSC, GISCD, and GISAD, ISSC composition, members' profile, meetings, detailed annual report, profit rates, Zakat, fatawa and publications, Shari'a non-compliant income and its disposal, and product related information.

IIRA Rating Scales & Definitions

Ratings on International Scale

Foreign Currency Ratings

The foreign currency ratings by IIRA measure the ability of the rated entities to service their foreign currency obligations. These ratings incorporate all the sovereign risks of a country, including the risk of converting local currency to foreign currency.

Local Currency Ratings

The local currency ratings by IIRA measure the ability of the rated entities to service their local currency obligations. These ratings incorporate all the sovereign risks of a country, except the risk of converting local currency to foreign currency.

Ratings on National Scale

The national scale local currency ratings assigned by IIRA are tiered against an assumed local government rating of 'AAA' and, therefore, do not incorporate all the sovereign risks of a country.

Issue/Issuer Rating Scale & Definitions

Medium to Long Term

IIRA uses a scale of AAA to D to rate credit worthiness of the issuer and long term issues, with AAA being the highest possible rating and D being the lowest possible rating.

AAA: Highest credit quality. Represent the least credit risk.

AA : High credit quality. Protection factors are strong. Risk is modest but may vary slightly from time to time because of economic conditions.

A : Good credit quality. Protection factors are adequate. Risk factors may vary with possible changes in the economy.

BBB : Adequate credit quality. Protection factors are reasonable and sufficient. Risk factors are considered variable if changes occur in the economy.

BB : Obligations deemed likely to be met. Protection factors are capable of weakening if changes occur in the economy. Overall quality may move up or down frequently within this category.

B : Obligations deemed likely to be met. Protection factors are capable of fluctuating widely if changes occur in the economy. Overall quality may move up or down frequently within this category or into higher or lower rating grade.

CCC : Considerable uncertainty exists towards meeting the obligations. Protection factors are scarce and risk may be substantial.

CC : A high default risk

C : A very high default risk

D: Defaulted obligations

Note: IIRA appends modifiers + or - to each generic rating classification from AA through B. The modifier + indicates that the obligation ranks in the higher end of its generic rating category; no modifier indicates a mid-range ranking; and the modifier - indicates a ranking in the lower end of that generic rating category.

Short Term

IIRA uses a scale of A1+ to C to rate credit worthiness of the issuer and its short term obligations, with A1+ being the highest possible rating and C being the lowest possible rating.

A1+ : Highest certainty of timely payment. Short-term liquidity, including internal operating factors and / or access to alternative source of funds, is outstanding and safety is just below risk free short-term obligations.

A1 : High certainty of timely payment. Liquidity factors are excellent and supported by good fundamental protection factors. Risk factors are minor.

A2 : Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Access to capital markets is good. Risk factors are small.

A3 : Satisfactory liquidity and other protection factors qualify entities / issues as to investment grade. Risk factors are larger and subject to more variation. Nevertheless, timely payment is expected.

B : Speculative investment characteristics. Liquidity may not be sufficient to ensure timely payment of obligations.

C : Capacity for timely payment of obligations is doubtful.

Fiduciary Rating Score

(91-100) – Very Strong Fiduciary Standards

(91-93), (94-97), (98-100)*

Rights of various stakeholders are well protected and the overall governance framework is strong.

(76-90) – Strong Fiduciary Standards

(76-80), (81-85), (86-90)*

Rights of various stakeholders are protected. Minor weaknesses have been identified in the overall governance framework.

(61-75) – Adequate Fiduciary Standards

(61-65), (66-70), (71-75)*

Rights of various stakeholders are adequately protected. Certain weaknesses have been identified in a few governance related areas.

(40-60) – Basic Fiduciary Standards

(40-46), (47-53), (54-60)*

Rights of various stakeholders are relatively vulnerable. Significant weaknesses have been identified in the overall governance framework.

(Less than 40) – Low Fiduciary standards

Rights of various stakeholders are at high risk and the overall governance framework is weak.

**Apart from the lowest score range, all score ranges have been split into three sub-divisions for further clarity*

Rating Outlook : The three outlooks 'Positive', 'Stable' and 'Negative' qualify the potential direction of the assigned rating(s). An outlook is not necessarily a precursor of rating change.

Rating Watch-list : IIRA places entities and issues on 'Watch-list' when it deems that there are conditions present that necessitate re-evaluation of the assigned rating(s). A 'Watch-list' announcement means that the status of the assigned rating(s) is uncertain and an event or deviation from an expected trend has occurred or is expected and additional information is necessary to take a rating action.



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