بنك دبي الإسلامي
Dubai Islamic Bank
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2023 INTEGRATED REPORT

بنك دبي الإسلامي
Dubai Islamic Bank
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2023 BOARD OF DIRECTORS' REPORT

Board of Directors' Report

Dear Shareholders,

Assalamu Alaikum wa Rehmatullah wa Barakatahu.

I am delighted to present to you the Dubai Islamic Bank annual report for 2023. This report details a set of exemplary financial and operational results that represent historic milestones in the Bank's critical role as a leader in the progression of Islamic finance.

In many ways, Dubai Islamic Bank's remarkable performance during a period of global economic and geopolitical uncertainty is a testament not only to its unrelenting focus on innovation and value creation - but also to the robust fundamentals of the national economy and the determination of our leaders.

Clearly visible from the UAE's steady GDP expansion and positive analysis from leading global bodies that the national economy is stable, growing sustainably and continuing to command the attention of investors and businesses from around the world. Within this promising context, the Gulf Cooperation Council (GCC) financial markets had a strong year with Dubai leading a strong double-digit gain. Simultaneously, the banking sector has shown strong resilience with healthy and growing balance sheets and higher earnings.

At Dubai Islamic Bank, the year ended with the delivery of an 26% growth in profitability with net profit reaching AED 7.0 billion, up from AED 5.5 billion in 2022. These exceptional financials have been well-supported by sustained improvement in asset quality, a market-leading cost-to-income ratio and lower impairments. By year-end, customer deposits stood at AED 222 billion, further supporting the Bank's excellent liquidity position. Such robust fundamentals provide the Bank with structural and operational resilience and continued scope for innovation, investment, and growth over the coming period.

It is through its strategy for innovation and leadership that Dubai Islamic Bank has continued to build upon its role as a market leader in the global Islamic finance space – as demonstrated in the growth across every line of business. Net Financing & Sukuk investments grew by nearly AED 30 billion to reach AED 268 billion - up 12% compared to the previous year.

The Bank also continued to enrich its environment, social and governance (ESG) agenda in 2023, launching the new 'One Tree for Everyone' program and collaborating with the COP28 team and with regulators. Through dialogue and partnership, DIB is paving the way to unlock further opportunities within the ESG space in line with the country's sustainability goals. Furthermore, ESG and sustainability are fully embedded in the bank's growth plans to build a positive impact on the environment and the communities we serve in line with the UAE's agenda for a brighter, greener future.

As 2023 progressed, the Bank's sustained high performance saw it receive multiple awards and recognitions, being ranked 22nd among the Middle East's top 100 listed companies by *Forbes Middle East.* Dubai Islamic Bank was also named 'Best Islamic Bank in the Middle East' and 'Best Islamic Bank in the UAE' at the *Euromoney* Awards for Excellence 2023. These awards and many more demonstrate the enormous progress that the Bank has made in leading the development of the Islamic finance sector.

Looking ahead to the opportunities that await us, Dubai Islamic Bank will continue to leverage the strengths of the UAE national economy to support individuals, businesses, investors, and the fast-growing SME sector. Through new digital technologies and AI-led integrations, the Bank will continue to serve the interests of all its clients and customers – and, in doing so, deliver ongoing support to the national economy.

These core objectives are made possible not only by the Bank's exemplary financial performance and results but also by the incredible talent and loyalty of our most valuable asset – our people. Their belief in the values and objectives of Dubai Islamic Bank as an icon in the world of Islamic finance has enabled the Bank to flourish despite volatile economic cycles and global uncertainties.

On behalf of the Board and management of the bank, I would like to sincerely thank our shareholders, customers, and employees for their continued support of DIB in a historic year that delivered value to all those it serves. I wish all of you a very healthy, happy, and prosperous 2024.

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

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2023 ANNUAL SHARIAH REPORT

(SUBMITTED TO HSA)

Annual Report of the Internal Shari'ah Supervision Committee for Dubai Islamic Bank PJSC for the Financial Year 2023

التقرير السنوي للجنة الرقابة الشرعية الداخلية لبنك دبي الإسلامي للسنة المالية 2023

الحمد لله ربِّ العالمين، والصَّلاة والسَّلام على أشرف الأنبياء والمرسلين سيدنا محمدٍ وعلى آله وصحبه أجمعين.

Issued on: 15 January 2024

صدر في: 15 يناير 2024

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

إلى السادة المساهمين في بنك دبي الإسلامي ("البنك")

السَّلام عليكم ورحمة الله تعالى وبركاته، وبعد:

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 2023 ("**Financial Year**").

إن لجنة الرقابة الشرعية الداخلية للبنك ("**اللجنة**") تقدم تقريرها وفقا للمتطلبات المنصوص علىها في القوانين والأنظمة والمعايير ذات العلاقة ("**المتطلبات الرقابية**")، للسنة المالية المنتهية في 31 ديسمبر من عام 2023 ("**السنة المالية**").

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.

1. مسؤولية اللجنة

إن مسؤولية اللجنة وفقا للمتطلبات الرقابية ولائحتها التنظيمية ومعيار الحوكمة الشرعية تتحدد في الرقابة الشرعية على جميع أعمال، وأنشطة، ومنتجات، وخدمات، وعقود، ومستندات، ومواثيق عمل البنك، والسياسات، والمعايير المحاسبية، والعمليات والأنشطة بشكل عام، وعقد التأسيس، والنظام الأساس، والقوائم المالية للبنك، وتوزيع الأرباح وتحميل الخسائر والنفقات والمصروفات بين المساهمين وأصحاب حسابات الاستثمار ("**أعمال البنك**") وإصدار قرارات شرعية بخصوصها، ووضع الضوابط الشرعية اللازمة لأعمال البنك والتزامه بالشريعة الإسلامية في إطار القواعد والمبادئ والمعايير التي تضعها الهيئة العليا الشرعية، لضمان توافقها مع أحكام الشريعة الإسلامية.

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 HSA ("Sharia Compliance"). The Board will be holding the ultimate responsibility in this regard.

وتتحمل الإدارة العليا مسؤولية التزام المؤسسة بالشريعة الإسلامية وفقاً لقرارات، فتاوى، وآراء الهيئة، وقرارات اللجنة، في إطار القواعد والمبادئ والمعايير التي تضعها الهيئة ("الالتزام بالشريعة الإسلامية") في جميع أعمالها والتأكد من ذلك، ويتحمل مجلس الإدارة المسؤولية النهائية في هذا الشأن.

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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 2023 without exception.

2. المعايير الشرعية

اعتمدت اللجنةُ على المعايير الشرعية الصادرة عن هيئة المحاسبة والمراجعة للمؤسسات المالية الإسلامية ("أيوفي") معايير للحد الأدنى للمتطلبات الشرعية والتزمت بها في كل ما تفتي به أو تعتمده أو توافق عليه أو توصي به فيما يتعلق بأعمال البنك خلال السنة المالية 2023 دون استثناء وفقا لقرار الهيئة رقم 2018/3/18.

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 (12) 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

3. الأعمال التي قامت بها اللجنة خلال السنة المالية

لقد قامت اللجنة بالرقابة الشرعية على أعمال البنك، من خلال مراجعة أعمال البنك ومراقبته من خلال إدارة الرقابة الشرعية الداخلية وإدارة التدقيق الشرعي الداخلي، وفقاً لصلاحيات اللجنة ومسؤولياتها والمتطلبات الرقابية في هذا الشأن. ومن الأعمال التي قامت بها اللجنة ما يأتي:

أ. عقد (12) اجتماعا خلال السنة المالية،
ب. إصدار الفتاوى والقرارات وإبداء الآراء فيما يتعلق بأعمال البنك التي عرضت على اللجنة.
ج. رفع المسائل التي يحتاج البت فيها إلى قرار من الهيئة العليا الشرعية، إلى أمانة سر الهيئة.
د. مراجعة السياسات، واللوائح الإجرائية، والمعايير المحاسبية، وهياكل المنتجات، والعقود، والمستندات، ومواثيق العمل، والوثائق الأخرى المقدمة من قبل البنك للجنة للموافقة.
هـ. التأكد من مدى توافق توزيع الأرباح وتحميل النفقات والمصروفات بين أصحاب حسابات الاستثمار والمساهمين وأصحاب حسابات الاستثمار مع الضوابط الشرعية المعتمدة من قبل اللجنة.
و. الرقابة من خلال إدارة الرقابة الشرعية الداخلية، وإدارة التدقيق الشرعي الداخلي على أعمال البنك بما في ذلك المعاملات المنفذة والإجراءات المتبعة، وذلك على أساس

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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

اختيار عينات من العمليات المنفذة، ومراجعة التقارير المقدمة في هذا الخصوص.

ز. تقديم توجيهات إلى الإدارات المعنية في البنك بتصحيح ما يمكن تصحيحه من الملاحظات التي وردت في التقارير المقدمة من قبل إدارة الرقابة الشرعية الداخلية، وإدارة التدقيق الشرعي الداخلي، وإصدار قرارات بتجنيب عوائد المعاملات التي وقعت مخالفات في تطبيقها لصرفها في وجوه الخير.

ح. اعتماد التدابير التصحيحية/الوقائية فيما يتعلق بالأخطاء التي تم الكشف عنها لمنع حدوثها مرة أخرى.

ط. قامت اللجنة وفقاً لنظام البنك الأساس بمراجعة حساب الزكاة الواجب على البنك إخراجها عن أموال المساهمين المحتفظ بها لديه وفق أحكام الشريعة الإسلامية، أما زكاة باقي صافي الأصول الزكوية فهي من مسئولية المساهمين. كما قامت اللجنة بحساب مقدار الزكاة المستحقة على السهم الواحد من أسهم البنك لإعلام المساهمين بها.

ي. التواصل والاجتماع مع مجلس الإدارة واللجان التابعة له والإدارة العليا للبنك، حسب الحاجة، بخصوص التزام البنك بالشريعة الإسلامية.

وقد حصلت اللجنة على جميع المعلومات والتفسيرات التي اعتبرتها ضرورية للتأكد من التزام البنك بالشريعة الإسلامية.

4. استقلالية اللجنة

تؤكد اللجنة بأنها أدت مسؤولياتها وقامت بجميع أعمالها باستقلالية تامة، وقد حصلت على التسهيلات اللازمة من البنك وإداراته العليا ومجلس إدارته للاطلاع على جميع الوثائق والبيانات، ومناقشة التعديلات والمتطلبات الشرعية.

5. رأي اللجنة بخصوص التزام البنك بالشريعة الإسلامية

ورأي اللجنة، المذكور أعلاه، مبني حصرا على المعلومات التي اطلعت عليها خلال السنة المالية وعلى ما حصلت عليه من

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.

معلومات وإيضاحات من أجل التأكد من التزام البنك بالشريعة الإسلامية، فقد خلصت اللجنة بدرجة مقبولة من الاطمئنان إلى أن أعمال البنك خلال السنة المالية متوافقة مع الشريعة الإسلامية إلا ما لوحظ من مخالفات تم رفع تقارير بشأنها، وقد وجهت اللجنة باتخاذ الإجراءات المناسبة في هذا الخصوص.

نسأل الله العلي القدير أن يحقق للجميع الرشاد والسداد

والسلام عليكم ورحمة الله وبركاته

Signatures of members of the Internal Shari'ah Supervision Committee

توقيع أعضاء لجنة الرقابة الشرعية الداخلية للبنك

Dr. Mohamed Ali Ibrahim ElGari BinEid

فضيلة الشيخ الأستاذ الدكتور / محمد علي إبراهيم القري

Chairman ______________ ______________ **رئيس اللجنة**

Dr. Mohammad AbdulRahim Sultan Al Olama

فضيلة الشيخ الأستاذ الدكتور / محمد عبد الرحيم سلطان العلماء

Vice Chairman ______________ ______________ **نائب رئيس اللجنة**

Dr. Ibrahim Ali Abdalla Hamad AlMansoori

فضيلة الشيخ الأستاذ الدكتور / إبراهيم علي عبد الله المنصوري

Member ______________ ______________ **عضو اللجنة**

Dr. Mohamed Akram Bin Laldin

فضيلة الشيخ الأستاذ الدكتور / محمد أكرم لال الدين

Member ______________ ______________ **عضو اللجنة**

Dr. Muhammad Qaseem Muhammad Ismail

فضيلة الشيخ الأستاذ الدكتور / محمد قسيم محمد إسماعيل

Executive Member ______________ ______________ **عضو اللجنة التنفيذي**

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2023 FINANCIAL REPORT

Dubai Islamic Bank P.J.S.C.

Auditor's report and consolidated financial statements for the year ended 31 December 2023

These audited consolidated financial statements are subject to approval from Central Bank of UAE and adoption by shareholders at the Annual General Meeting.

Dubai Islamic Bank P.J.S.C.

Report and consolidated financial statements
for the year ended 31 December 2023

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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 2023, 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 material accounting policy information.

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 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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.

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 in the consolidated statement of financial position at AED 199 billion as at 31 December 2023. The expected credit loss ("ECL") allowance was AED 8.9 billion as at this date, which comprised an allowance of AED 2.0 billion against Stage 1 and 2 exposures and an allowance of AED 6.9 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 63% 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 2023. 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 the IFRS Accounting Standards. 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 assumptions and the sufficiency of the data used by management. We assessed the Group's determination SICR and the resultant basis for classification of exposures into various stages. For samples of exposures, we assessed the Group's staging. 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.

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.	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 the IFRS Accounting Standards.
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.

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 Accounting Standards) 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.

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 2023:

- 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 2023;
- 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 2023; 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 2023 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 2023.

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.)

Firas Anabtawi
Registration No. 5482
23 January 2024
Dubai
United Arab Emirate

Consolidated statement of financial position
as at 31 December 2023

	Note	2023 AED'000	2022 AED'000
ASSETS			
Cash and balances with central banks	7	**24,019,524**	26,489,144
Due from banks and financial institutions	8	**4,483,687**	4,606,943
Islamic financing and investing assets, net	9	**199,453,349**	186,042,557
Investments in Sukuk	10	**68,172,165**	52,228,362
Other investments measured at fair value	11	**846,510**	1,024,759
Investments in associates and joint ventures	12	**2,431,828**	1,948,841
Properties held for development and sale	13	**1,050,081**	1,488,079
Investment properties	14	**5,625,224**	5,261,871
Receivables and other assets	15	**6,324,139**	7,489,845
Property and equipment	16	**1,884,996**	1,658,090
Total assets		**314,291,503**	288,238,491
LIABILITIES AND EQUITY			
LIABILITIES			
Customers' deposits	18	**222,054,207**	198,636,903
Due to banks and financial institutions	19	**12,966,965**	12,809,480
Sukuk issued	20	**20,480,977**	22,339,696
Payables and other liabilities	21	**10,863,851**	10,048,147
Zakat payable	23	**491,370**	429,297
Total liabilities		**266,857,370**	244,263,523
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	**14,784,668**	14,654,668
Investments fair value reserve	27	**(1,331,986)**	(1,062,927)
Exchange translation reserve	28	**(1,741,437)**	(1,565,666)
Retained earnings		**17,341,070**	13,772,643
Equity attributable to owners and Sukuk-holders of the Bank		**44,557,309**	41,303,712
Non-controlling interests	17.3	**2,876,824**	2,671,256
Total equity		**47,434,133**	43,974,968
Total liabilities and equity		**314,291,503**	288,238,491

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 23 January 2024 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 96 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss
for the year ended 31 December 2023

	Note	2023 AED'000	2022 AED'000
NET INCOME			
Income from Islamic financing and investing transactions	*31*	**17,226,558**	11,738,826
Commissions, fees and foreign exchange income	*32*	**1,794,691**	1,600,879
Income from other investments measured at fair value, net	*33*	**30,926**	56,064
Income from properties held for development and sale, net	*34*	**237,230**	137,843
Income from investment properties	*35*	**343,829**	230,145
Share of profit from associates and joint ventures	*12.3*	**214,933**	128,301
Other income	*36*	**294,189**	209,336
Total income		**20,142,356**	14,101,394
Less: depositors' and Sukuk-holders' share of profit	*37*	**(8,477,392)**	(3,634,276)
Net income		**11,664,964**	10,467,118
OPERATING EXPENSES			
Personnel expenses	*38*	**(1,723,991)**	(1,583,111)
General and administrative expenses	*39*	**(1,232,004)**	(966,500)
Depreciation of investment properties	*14.1*	**(63,361)**	(64,038)
Depreciation of property and equipment	*16*	**(142,171)**	(119,517)
Total operating expenses		**(3,161,527)**	(2,733,166)
Net operating income before net impairment charges and taxation		**8,503,437**	7,733,952
Impairment charges, net	*40*	**(1,395,868)**	(2,102,878)
Profit for the year before income tax expense		**7,107,569**	5,631,074
Income tax expense	*22.3*	**(97,612)**	(79,228)
Net profit for the year		**7,009,957**	5,551,846
Attributable to:			
Owners of the Bank		**6,797,676**	5,474,400
Non-controlling interests	*17.3*	**212,281**	77,446
Net profit for the year		**7,009,957**	5,551,846
Basic and diluted earnings per share (AED per share)	*41*	**0.88**	0.70

The notes on pages 13 to 96 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
for the year ended 31 December 2023

	2023 AED'000	2022 AED'000
Net profit for the year	**7,009,957**	5,551,846
Other comprehensive loss items		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations, net	**(175,771)**	(251,755)
Fair value loss on Sukuk investment	**(45,296)**	(29,269)
Items that will not be reclassified subsequently to profit or loss:		
Fair value loss on other investments carried at FVTOCI, net	**(238,099)**	(95,562)
Other comprehensive loss for the year	**(459,166)**	(376,586)
Total comprehensive income for the year	**6,550,791**	5,175,260
Attributable to:		
Owners of the Bank	**6,338,980**	5,098,126
Non-controlling interests	**211,811**	77,134
Total comprehensive income for the year	**6,550,791**	5,175,260

The notes on pages 13 to 96 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
for the year ended 31 December 2023

	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
	Equity attributable to owners and Sukuk-holders of the Bank								
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
Balance at 1 January 2023	**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**
Net profit for the year	**-**	**-**	**-**	**-**	**-**	**6,797,676**	**6,797,676**	**212,281**	**7,009,957**
Other comprehensive loss for the year	**-**	**-**	**-**	**(282,925)**	**(175,771)**	**-**	**(458,696)**	**(470)**	**(459,166)**
Total comprehensive income / (loss) for the year	**-**	**-**	**-**	**(282,925)**	**(175,771)**	**6,797,676**	**6,338,980**	**211,811**	**6,550,791**
Transaction with owners directly in equity:									
Dividend paid (note 29)	**-**	**-**	**-**	**-**	**-**	**(2,168,133)**	**(2,168,133)**	**-**	**(2,168,133)**
Zakat (note 23)	**-**	**-**	**-**	**-**	**-**	**(492,546)**	**(492,546)**	**(3,982)**	**(496,528)**
Tier 1 Sukuk profit distribution	**-**	**-**	**-**	**-**	**-**	**(404,030)**	**(404,030)**	**-**	**(404,030)**
Board of Directors' remuneration	**-**	**-**	**-**	**-**	**-**	**(20,393)**	**(20,393)**	**-**	**(20,393)**
Transfer on disposal of other investments carried at FVTOCI	**-**	**-**	**-**	**13,866**	**-**	**(13,866)**	**-**	**-**	**-**
Regulatory credit risk reserve	**-**	**-**	**130,000**	**-**	**-**	**(130,000)**	**-**	**-**	**-**
Others	**-**	**-**	**-**	**-**	**-**	**(281)**	**(281)**	**(2,261)**	**(2,542)**
Balance at 31 December 2023	**7,240,744**	**8,264,250**	**14,784,668**	**(1,331,986)**	**(1,741,437)**	**17,341,070**	**44,557,309**	**2,876,824**	**47,434,133**

The notes on pages 13 to 96 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
for the year ended 31 December 2023

	2023 AED'000	2022 AED'000
Operating activities		
Profit for the year before income tax expense	**7,107,569**	5,631,074
Adjustments for:		
Share of profit of associates and joint ventures	**(214,933)**	(128,301)
Gain from disposal of properties held for development and sale	**(237,230)**	(137,843)
Dividend income	**(30,926)**	(56,064)
Gain on sale of investments in Sukuk	**(688)**	(9,158)
Gain / (loss) on disposal of property and equipment	**(22)**	2,454
Gain from investment properties	**(222,946)**	(113,229)
Depreciation of property and equipment	**142,171**	119,517
Depreciation of investment properties	**63,361**	64,038
Amortization of Sukuk discount	**170**	3,194
Provision for employees' end-of-service benefits	**4,224**	33,247
Amortization of intangible assets	**67,795**	67,795
Impairment charge for the year, net	**1,395,868**	2,102,878
Operating cash flow before changes in operating assets and liabilities	**8,074,413**	7,579,602
Decrease in deposits and Treasury placements (Commodity Murabaha) with over three months maturity	**-**	146,900
Increase in Islamic financing and investing assets	**(16,187,530)**	(1,941,914)
Decrease / (increase) in receivables and other assets	**1,065,769**	(929,412)
Increase / (decrease) in customers' deposits	**24,529,197**	(5,888,956)
Increase in due to banks and other financial institutions	**2,350,170**	7,106,805
Increase in payables and other liabilities and zakat payable	**483,655**	1,438,756
Cash generated from operations	**20,315,674**	7,511,781
Employees' end-of-service benefits paid	**(18,030)**	(26,779)
Tax paid	**(142,130)**	(76,233)
Net cash generated from operating activities	**20,155,514**	7,408,769
Investing activities		
Net movement in investments in Sukuk	**(16,305,164)**	(10,870,624)
Net movement in other investments measured at fair value	**37,959**	172,194
Dividend received	**30,926**	56,064
Additions to properties held for development and sale	**(298,364)**	(337,919)
Proceeds from disposal of properties held for development and sale	**955,156**	553,312
Additions to investment properties	**(195,301)**	(205,626)
Proceeds from disposal of investment properties	**379,347**	695,947
Net movement in investments in associates and joint ventures	**(393,322)**	28,007
Additions of property and equipment, net	**(216,277)**	(294,697)
Net cash used in investing activities	**(16,005,040)**	(10,203,342)

The notes on pages 13 to 96 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows (continued)
for the year ended 31 December 2023

	2023 AED'000	2022 AED'000
Financing activities		
Issuance of Sukuk	**3,673,000**	5,509,500
Payment of Sukuk	**(5,509,202)**	(3,673,000)
Tier 1 Sukuk profit distribution	**(404,030)**	(404,030)
Tier 1 Sukuk issuance cost	**(281)**	(287)
Dividend paid	**(2,168,133)**	(1,806,778)
Net cash used in financing activities	**(4,408,646)**	(374,595)
Net decrease in cash and cash equivalents	**(258,172)**	(3,169,168)
Cash and cash equivalents at the beginning of the year	**27,014,449**	30,273,546
Effect of exchange rate changes on the balance of cash held in foreign currencies	**(142,019)**	(89,929)
Cash and cash equivalents at the end of the year (note 42)	**26,614,258**	27,014,449

The notes on pages 13 to 96 form an integral part of these consolidated financial statements.

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 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 Supervision Committee ("ISSC") 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 2023, 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 8 Accounting policies, Changes in accounting estimates and errors;
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 relating to disclosure of material accounting policies; and
- Amendment to IFRS 12 Income Taxes relating to deferred taxes related to assets and liabilities arising from a single transaction.

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
IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*	01 January 2024
IFRS S2 *Climate Related Disclosures*	01 January 2024
Amendments to IAS 1 *Presentation of Financial Statements* relating to classification of liabilities as current or non-current	01 January 2024
Amendments to IFRS 16 *Leases* relating to lease liability in a sale and leaseback transaction	01 January 2024
Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* relating to Lack of Exchangeability	01 January 2025
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.

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 a specific 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 and 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 represents 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 sets out the full 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.

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 actual liquidation is not possible, Sharia allows constructive liquidation of the Musharaka as per the agreed schedule and distribution of profit based upon it. However, the loss, if any, is shared in proportion to the capital contribution ratios of the partners, 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 "Rabb-ul-Maal") 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 Rabb-ul-Maal 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 Rabb-ul-Maal, provided the Rabb-ul-Maal 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 Rabb-ul-Maal, as the case may be. The Mudarib with the consent of the Rabb-ul-Maal can commingle his own funds with the Mudaraba capital, and 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 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.

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 described asset or property (being "Al-Masnoo'") according to certain pre-agreed specifications and deliver the same at a pre-agreed time against a pre-determined price. 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.

3.9 Investment accounts & Relevant Asset Pools

Deposits are generated primarily under Sharia compliant Qard, Mudaraba and Wakala contracts.

Deposits taken on Qard basis are classified as 'Current accounts' and deposits generated on Mudaraba and Wakala basis are classified as 'Savings deposits' and 'Fixed deposits'. The current account depositors are not entitled to any profit nor do they bear any losses. While the product features of each product differ, there is usually no restriction on withdrawals or number of transactions in current accounts. In case of fixed deposits, pre-mature withdrawals can be made as per approved terms only.

The Bank is managing separate asset pools for Mudaraba (also referred to as common pool) and Wakala deposits.

Profits realised in common pool are distributed between the Bank and the depositors in proportion to their respective share in the pool. All Mudaraba based deposits are fully invested in the Common Pool to produce returns for them. In case where the Bank is unable to utilise all funds available for investment, priority is given to the deposit account holders. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period. Mudarib may give away its share of profit to Rab-ul-Maal as gift (Hiba). The investment deposits in a pool are entitled to the profit, if any, of the assets of that pool during the profit distribution period as per the allocated weightages and/or profit sharing ratio, and bear the loss, if any, in accordance with the ratio of their investments.

Term deposits under Wakala structure are in a separate asset pool to match expected yields and maturity of Wakala deposits. In accordance with terms of Wakala agreement, the agent / bank (wakil) is granted the excess over the expected profit as incentive.

3.9.1 Asset Pools and Allocation Approach

The Bank operates general and specific pools for deposits and inter-bank funds accepted / acquired under Mudaraba and Wakala modes.

Under the general deposits pool, the Bank accepts funds on Mudaraba basis from depositors (Rabb-ul-Maal) where the Bank acts as Manager (Mudarib) and invests the funds in the Sharia compliant modes of financing, investments and placements. When utilising and investing funds, the Bank prioritises the funds received from depositors over the funds generated from own sources after meeting the regulatory requirement relating to such deposits.

3 Definitions (continued)

3.9.1 Asset Pools and Allocation Approach (continued)

Specific pools are operated for deposits accepted from Wakala deposits. The profit of each deposit pool is calculated on all the remunerative assets booked by utilising the funds from the pool after deduction of specific impact losses/recoveries expenses directly incurred in earning the income of such pool along with related fee income, if any. No expense of general or administrative nature is charged to pools. The profit of the pool is shared between equity and other members of the pool on pro-rata basis at gross level (i.e. before charging of mudarib fee) as per the investment ratio of the equity. The profit of the pool is shared among the depositors of the pool on pre-defined mechanism based on the weightages announced before the commencement of profit calculation period after charging mudarib fee. These weightages and profit-sharing ratios are declared by the Bank in compliance with the requirements of the HSA CBUAE and ISSC.

Key features and risk & reward characteristics of all pools

The risk characteristics of each pool mainly depends on the assets and liability profile of each pool. The pools are exposed to general credit risk, asset ownership risk and profit rate risk of the underlying assets involved, along with the risk that is associated with Islamic mode of finance(s) applied / used under the transaction structure(s). The Bank is well equipped to identify and properly mitigate such risks.

The allocation (of income and expenses to different pools) is based on pre-defined basis and accounting principles / standards. There have not been any changes in any asset allocation strategies to pools during the year.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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 Sukuk-holders 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, Mudaraba and Wakala Deposits), 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 guidance of the relevant investment and credit committees and in line with the Sharia advice 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.

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.

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.

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.

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.

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 UAE Federal Law No. 32 of 2021 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.

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.

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.

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 and directed to the charity fund of the Bank. In addition, the late payment donations by the customers who delay in payment of their liabilities are also added to the same fund/account. In line with the policy approved by 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's share of profit, 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 in line with the approved policy. Zakat on depositors' investment risk reserve is included under Zakat payable and is deducted from the depositors' investment risk reserve balance. The reserve can be utilized with the approval of ISSC to compensate the depositors against any loss occurred for respective period. In the event of voluntary liquidation of the Bank, the Bank shall dispose of the outstanding IRR in accordance with the agreed terms and conditions at the time of establishing the reserves

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:

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 2023 to 2026:

Macro-economic variable	Scenario	2023	2024	2025	2026
	Baseline	227.21	246.72	262.80	273.72
Real Government Consumption Expenditure, (AED,bln)	Upside	227.21	247.04	269.03	284.57
	Downside	226.70	238.27	250.31	258.58
	Baseline	1,306.47	1,329.53	1,350.46	1,360.28
Real Imports of Goods and Services, (AED,bln)	Upside	1,306.60	1,338.72	1,384.59	1,415.64
	Downside	1,298.30	1,209.50	1,180.92	1,165.60
	Baseline	101.13	103.87	106.34	106.37
Real House Price Index, Real, (Index 2010=100)	Upside	101.34	106.97	111.22	110.72
	Downside	100.74	97.61	96.29	97.10
	Baseline	117.91	123.19	127.17	128.46
Residential properties - Abu Dhabi and Dubai, (Index 2010=100)	Upside	118.19	127.30	133.35	133.89
	Downside	117.35	113.00	110.98	114.75
	Baseline	106.54	108.69	110.70	112.62
Total Consumer Price Index, (Index 2021=100)	Upside	106.56	108.83	110.89	112.81
	Downside	106.46	107.70	109.02	110.82
	Baseline	1,673.92	1,737.90	1,790.24	1,825.01
Real Gross Domestic Product, (AED, bln)	Upside	1,677.33	1,778.73	1,848.25	1,884.14
	Downside	1,668.22	1,649.45	1,650.71	1,707.50
	Baseline	486.18	582.31	643.71	657.65
General Government Finance: Expenditure, (AED, bln)	Upside	486.18	583.92	653.03	678.93
	Downside	486.18	579.04	612.13	576.43
	Baseline	1,586.32	1,652.74	1,695.86	1,734.54
National Accounts: Real Exports of Goods and Services, (AED, bln)	Upside	1,586.37	1,664.47	1,732.61	1,796.09
	Downside	1,578.63	1,529.94	1,515.32	1,526.96

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.

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 investments 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 note 5.1 exist to establish that the Group controls an investee.

7 Cash and balances with central banks

7.1 Analysis by category

	Note	**2023 AED'000**	2022 AED'000
Cash on hand		**2,221,457**	1,882,803
Balances with central banks:			
Balances and reserve requirements with central banks	*7.3*	**14,778,975**	6,097,561
Certificates of deposits with the Central Bank of the U.A.E.		**7,019,092**	18,508,780
Total		**24,019,524**	26,489,144

Balances with Central Banks are at stage 1 at 31 December 2023 and 31 December 2022.

7.2 Analysis by geography

	2023 AED'000	2022 AED'000
Within the U.A.E.	**23,635,019**	25,736,305
Outside the U.A.E.	**384,505**	752,839
Total	**24,019,524**	26,489,144

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

	2023 AED'000	2022 AED'000
Current accounts	**1,056,596**	2,050,838
Wakala deposits	**1,145,869**	943,817
Treasury Placement (Commodity Murabaha) - short term	**2,284,140**	1,615,206
Less: Provision for impairment	**(2,918)**	(2,918)
Total	**4,483,687**	4,606,943

8.2 Analysis by geography

	2023 AED'000	2022 AED'000
Within the U.A.E.	**2,723,763**	2,137,172
Outside the U.A.E.	**1,759,924**	2,469,771
Total	**4,483,687**	4,606,943

Due from banks and financial institutions are at stage 1 at 31 December 2023 and 31 December 2022.

9 Islamic financing and investing assets, net

9.1 Analysis by category

	Note	**2023** **AED'000**	2022 AED'000
Islamic financing assets			
Vehicles Murabaha		**10,760,560**	8,662,860
Commodity Murabaha - long term		**47,071,933**	27,707,008
Other Murabaha		**3,366,507**	5,105,297
Total Murabaha		**61,199,000**	41,475,165
Ijarah		**45,465,735**	52,640,431
Home Finance Ijarah		**23,855,536**	22,998,861
Personal Finance		**22,859,191**	21,116,455
Istisna'		**634,538**	733,357
Islamic credit cards		**2,795,577**	2,320,504
		156,809,577	141,284,773
Less: deferred income		**(4,471,726)**	(3,851,968)
Less: contractors and consultants' Istisna' contracts		**(4,691)**	(6,784)
Total Islamic financing assets		**152,333,160**	137,426,021
Islamic investing assets			
Musharaka		**5,066,390**	5,757,649
Mudaraba		**8,241,349**	10,183,560
Wakala		**42,715,084**	41,468,181
Total Islamic investing assets		**56,022,823**	57,409,390
Total Islamic financing and investing assets		**208,355,983**	194,835,411
Less: provisions for impairment	*9.3*	**(8,902,634)**	(8,792,854)
Total Islamic financing and investing assets, net		**199,453,349**	186,042,557

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 2023

	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	**66,146,927**	**-**	**-**	**-**	**66,146,927**	**12,480**	**-**	**-**	**-**	**12,480**
Moderate	**104,446,321**	**5,506,586**	**-**	**-**	**109,952,907**	**741,126**	**630,794**	**-**	**-**	**1,371,920**
Fair	**11,939,069**	**8,820,372**	**-**	**-**	**20,759,441**	**197,115**	**643,170**	**-**	**-**	**840,285**
Default	**-**	**-**	**10,760,881**	**735,827**	**11,496,708**	**-**	**-**	**6,393,479**	**284,470**	**6,677,949**
Total	**182,532,317**	**14,326,958**	**10,760,881**	**735,827**	**208,355,983**	**950,721**	**1,273,964**	**6,393,479**	**284,470**	**8,902,634**

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

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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:

2023	*Note*	**Stage 1 AED'000**	**Stage 2 AED'000**	**Stage 3 AED'000**	**POCI AED'000**	**Total AED'000**
Balance at 1 January		**982,877**	**1,117,082**	**6,426,768**	**266,127**	**8,792,854**
Impairment charge during the year, net	*40*	**(137,159)**	**212,332**	**1,159,009**	**90,553**	**1,324,735**
Transfer to other stages		**-**	**(74,518)**	**74,518**	**-**	**-**
Write off		**-**	**-**	**(1,138,017)**	**(72,210)**	**(1,210,227)**
Exchange and other adjustments		**105,003**	**19,068**	**(128,799)**	**-**	**(4,728)**
Balance at 31 December		**950,721**	**1,273,964**	**6,393,479**	**284,470**	**8,902,634**

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

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:

	2023 AED'000	2022 AED'000
Properties and mortgages	**70,821,999**	66,774,273
Deposits and shares	**5,487,667**	2,215,266
Movable assets	**15,966,862**	17,667,164
Government and financial guarantees	**682,915**	818,168

The estimated fair value of collaterals that the Group holds relating to facilities individually determined to be impaired at 31 December 2023 amounts to AED 8.0 billion (2022: AED 9.0 billion).

During the year ended 31 December 2023, the Group took possession of various underlying assets, primarily vehicles and residential mortgage properties. The Group has sold repossessed assets amounting to AED 26.4 million (2022: AED 36.5 million) and acquired the properties amounting to AED 633.7 million (2022: AED 200.7 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**
2023			
Government	**19,383,220**	**2,640,241**	**22,023,461**
Financial institutions	**6,135,661**	**1,421,720**	**7,557,381**
Real estate	**35,726,055**	**188,656**	**35,914,711**
Contracting	**3,106,608**	**1,415,084**	**4,521,692**
Trade	**8,004,870**	**837,041**	**8,841,911**
Aviation	**15,734,148**	**25,684**	**15,759,832**
Services and others	**45,862,155**	**11,034,491**	**56,896,646**
Consumer financing	**31,857,505**	**312,022**	**32,169,527**
Consumer home finance	**24,403,250**	**267,572**	**24,670,822**
	190,213,472	**18,142,511**	**208,355,983**
Less: provision for impairment			**(8,902,634)**
Total			**199,453,349**
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

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10 Investments in Sukuk

10.1 Analysis by geography

	2023 AED'000	2022 AED'000
Within the U.A.E.	**24,102,431**	20,730,297
Other G.C.C. Countries	**26,918,472**	16,579,125
Rest of the World	**17,452,707**	15,295,852
	68,473,610	52,605,274
Less: provision for impairment	**(301,445)**	(376,912)
Total	**68,172,165**	52,228,362

10.2 Analysis by economic sector

	2023 AED'000	2022 AED'000
Government	**48,747,667**	40,779,730
Financial institutions	**5,558,888**	3,603,089
Real estate	**3,491,081**	2,472,571
Aviation	**462,294**	739,004
Services and others	**10,213,680**	5,010,880
	68,473,610	52,605,274
Less: provision for impairment	**(301,445)**	(376,912)
Total	**68,172,165**	52,228,362

Investments in Sukuk within the U.A.E. include investments in bilateral Sukuk amounting to AED 4.7 billion as at 31 December 2023 (2022: AED 5.8 billion). Investment in Sukuk include an amount of AED 0.22 billion (2022: AED 0.43 billion) which is measured at fair value through other comprehensive income.

Investment in Sukuk classified at stage 2 and stage 3 at 31 December 2023 amounts to AED 1,265 million (31 December 2022: AED 76.9 million) and AED 72.9 million (31 December 2022: AED 301.3 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 2023				
Investments measured at fair value through other comprehensive income				
Quoted equity instruments	**149,123**	**34,095**	**23,659**	**206,877**
Unquoted equity instruments	**147,341**	**25,865**	**466,427**	**639,633**
Total	**296,464**	**59,960**	**490,086**	**846,510**
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

During the year ended 31 December 2023, dividends received from investments measured at fair value through other comprehensive income amounting to AED 30.9 million (2022: AED 56.1 million) were recognised in the consolidated statement of profit or loss (note 33).

During the year ended 31 December 2023, the Group did not purchase any shares (2022: AED 4.1 million).

11.2 Analysis by economic sector

	2023 AED'000	2022 AED'000
Services and others	**246,471**	194,589
Financial institutions	**429,286**	676,390
Real estate	**170,753**	153,780
Total	**846,510**	1,024,759

12 Investments in associates and joint ventures

12.1 Analysis of carrying value

	2023 AED'000	2022 AED'000
Balance at 1 January	**1,948,841**	1,944,838
Addition	**404,422**	-
Dividend received	**(61,100)**	(28,007)
Share of profit	**214,933**	128,301
Others	**(75,268)**	(96,291)
Balance at 31 December	**2,431,828**	1,948,841

12.2 Analysis by geography

	2023 AED'000	2022 AED'000
Within the U.A.E.	**1,405,959**	1,441,507
Other G.C.C. Countries	**44,035**	40,539
Rest of the world	**981,834**	466,795
Total	**2,431,828**	1,948,841

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

	2023 AED'000	2022 AED'000
The Group's share of profit for the year	**214,933**	128,301
The Group's share of other comprehensive income / (loss) for the year	**-**	-
The Group's share of total comprehensive income for the year	**214,933**	128,301

12.4 List of associates and joint ventures

Name of associate or joint venture	Principal activity	Place of incorporation	Effective Percentage holding 2023	Effective Percentage holding 2022
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.	Property leasing	U.A.E.	**-**	50.0%
8. Arady Development LLC	Property development	U.A.E.	**22.5%**	22.5%
9. T.O.M. Katilim Bankasi Anonim Sirketi	Financial services	Turkey	**20.0%**	-
10. T.O.M. Pay Elektronik Para Ve Odeme Hizmetleri Anonim Sirketi	Financial services	Turkey	**20.0%**	-
11. T.O.M. Finansman Anonim Şirketi	Financial services	Turkey	**20.0%**	-

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

The Bank in partnership with T.O.M Group of Companies (the Company) in Türkiye has entered Turkish digital banking and financial technology sector and has acquired 20% shareholding in the Company.

12 Investments in associates and joint ventures (continued)

12.5 Material associates and joint ventures

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

	2023 AED'000	2022 AED'000
Arady Development LLC		
Statement of financial position		
Assets	**1,360,582**	1,450,109
Liabilities	**54,950**	40,205
Net assets	**1,305,632**	1,409,904
Carrying amount of Group's interest	**971,616**	965,929
Statement of Comprehensive income		
Revenue	**241,984**	136,314
Net profit	**93,262**	51,269

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 2023		**335,288**	**459,198**	**693,593**	**1,488,079**
Additions		**636**	**296,685**	**1,043**	**298,364**
Disposals	*34*	**(290,710)**	**(427,216)**	**-**	**(717,926)**
Transfers	*14*	**(21,046)**	**-**	**-**	**(21,046)**
Exchange and others		**9,070**	**-**	**(6,460)**	**2,610**
Balance at 31 December 2023		**275,928**	**303,108**	**471,045**	**1,050,081**
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	*14*	(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

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.

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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 2023	**2,756,836**	**1,456,263**	**1,825,156**	**6,038,255**
Additions	**139,269**	**56,032**	**-**	**195,301**
Disposal	**(212,766)**	**(234,205)**	**(13,500)**	**(460,471)**
Transfers *	**601,658**	**-**	**53,040**	**654,698**
Reclassification	**38,675**	**(54,124)**	**-**	**(15,449)**
Balance at 31 December 2023	**3,323,672**	**1,223,966**	**1,864,696**	**6,412,334**
Accumulated depreciation and impairment:				
Balance at 1 January 2023	**672,997**	**-**	**103,387**	**776,384**
Depreciation charged for the year	**63,361**	**-**	**-**	**63,361**
Disposal	**(31,549)**	**-**	**-**	**(31,549)**
Impairment	**(21,086)**	**-**	**-**	**(21,086)**
Balance at 31 December 2023	**683,723**	**-**	**103,387**	**787,110**
Carrying amount at 31 December 2023	**2,639,949**	**1,223,966**	**1,761,309**	**5,625,224**
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

* Transfer to investment properties include properties acquired in settlement of Islamic financing and investing assets amounting to AED 633.7 million (2022: AED 200.7 million) and transfer from property held for sale amounting to AED 21.0 million (2022: AED 3.2).

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14 Investment properties (continued)

14.2 Analysis by geography

	Other real estate	Investment properties under construction	Land	Total
	AED'000	AED'000	AED'000	AED'000
2023				
Carrying amount at 31 December:				
Within the U.A.E.	**2,639,949**	**1,223,966**	**1,709,578**	**5,573,493**
Outside the U.A.E.	**-**	**-**	**51,731**	**51,731**
Total carrying amount	**2,639,949**	**1,223,966**	**1,761,309**	**5,625,224**
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

14.3 Fair value of investment properties

The fair value of the Group's investment properties as at 31 December 2023 is AED 6.0 billion (2022: AED 6.0 billion) based on unobservable market inputs (i.e. level 3).

The Group has carried out external valuations of these properties as at 31 December 2023. 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.

15 Receivables and other assets

15.1 Analysis by category

	Note	**2023** **AED'000**	2022 AED'000
Receivables on sale of investment properties, net	*15.1.1*	**283,819**	415,340
Due from customers	*15.1.2*	**148,106**	664,873
Acceptances		**1,027,862**	869,739
Prepaid expenses		**105,704**	98,973
Fair value of Islamic derivatives	*45.1*	**1,171,475**	1,830,844
Deferred tax asset	*22.2*	**84,495**	57,871
Right of use asset		**120,574**	164,865
Intangible assets	*15.1.3*	**15,818**	83,614
Others		**3,366,286**	3,303,726
Total		**6,324,139**	7,489,845

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 2023 (2022: 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 421.3 million (2022: AED 1,781 million). The Group holds collaterals amounting to AED Nil million (2022: AED 60.0 million) 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 2023	**1,541,517**	**282,311**	**1,148,231**	**420,054**	**3,392,113**
Additions	**3,571**	**8,292**	**7,291**	**305,554**	**324,708**
Disposals	**-**	**(5,177)**	**(5,302)**	**-**	**(10,479)**
Transfers	**14,001**	**2,555**	**97,874**	**(114,430)**	**-**
Exchange and others	**(18,908)**	**(13,802)**	**(15,215)**	**(704)**	**(48,629)**
Balance at 31 December 2023	**1,540,181**	**274,179**	**1,232,879**	**610,474**	**3,657,713**
Accumulated depreciation:					
Balance at 1 January 2023	**599,586**	**275,449**	**858,988**	**-**	**1,734,023**
Charge for the year	**43,751**	**9,051**	**89,369**	**-**	**142,171**
Disposals	**-**	**(5,177)**	**(5,302)**	**-**	**(10,479)**
Exchange and others	**(72,141)**	**(10,636)**	**(10,221)**	**-**	**(92,998)**
Balance at 31 December 2023	**571,196**	**268,687**	**932,834**	**-**	**1,772,717**
Carrying amount					
Balance at 31 December 2023	**968,985**	**5,492**	**300,045**	**610,474**	**1,884,996**
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 adjustments	(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

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	
				2023	2022
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%

(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.

17 Subsidiaries (continued)

17.2 List of Special Purpose Vehicles ("SPV")

(c) 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 2023	2022
18.	HoldInvest Real Estate Sarl	Investments	Luxembourg	**100.0%**	100.0%
19.	France Invest Real Estate SAS	Investments	France	**100.0%**	100.0%
20.	SARL Barbanniers	Investments	France	**-**	100.0%
21.	SCI le Sevine	Investments	France	**-**	100.0%
22.	Al Islami Trade Company Limited	Investments	U.A.E.	**100.0%**	100.0%
23.	Levant One Investment Limited	Investments	U.A.E.	**100.0%**	100.0%
24.	Petra Limited	Investments	Cayman Islands	**-**	100.0%
25.	Deyaar Investments LLC	Investments	U.A.E.	**Controlling Interest**	Controlling Interest
26.	Deyaar Funds LLC	Investments	U.A.E.	**Controlling Interest**	Controlling Interest
27.	Sequia Investments L.L.C.	Investments	U.A.E.	**100.0%**	100.0%
28.	Blue Nile Investments L.L.C.	Investments	U.A.E.	**100.0%**	100.0%
29.	DIB FM Ltd	Investments	Cayman Islands	**100.0%**	100.0%
30.	Noor Sukuk Company Limited	Investments	Cayman Islands	**100.0%**	100.0%
31.	Noor Structured Certificates Ltd.	Investments	Cayman Islands	**-**	100.0%
32.	Star Digital Investments SPV Limited	Investments	U.A.E	**100.0%**	-

(d) In addition to the registered ownership described above, the remaining equity in the entities 25 and 26 are also beneficially held by the Bank through nominee arrangements. The entities 20, 21, 24 and 31 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 2023 AED'000	2022 AED'000	Profit / (loss) allocated to non-controlling interests 2023 AED'000	2022 AED'000	Accumulated non-controlling interests 2023 AED'000	2022 AED'000
1	Tamweel P.S.C.	**8.0%**	8.0%	**5,582**	3,958	**189,446**	187,846
2	Deyaar Development P.J.S.C.	**55.0%**	55.0%	**206,699**	73,488	**2,687,378**	2,483,410
	Total			**212,281**	77,446	**2,876,824**	2,671,256

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 2023 AED'000	31 December 2022 AED'000
Statement of financial position		
Islamic financing and investing assets, net	**683,272**	988,217
Receivable and other assets	**2,299,175**	1,922,507
Total assets	**2,982,447**	2,910,724
Payable and other liabilities	**75,891**	73,883
Total liabilities	**75,891**	73,883
Net assets	**2,906,556**	2,836,841

	2023 AED' 000	2022 AED' 000
Statement of comprehensive income		
Total revenue	**162,621**	132,862
Total operating expenses	**(94,696)**	(80,682)
Impairment release	**5,433**	200
Net profit for the year	**73,358**	52,380
Other comprehensive income	**239**	3,828
Total comprehensive income	**73,597**	56,208
Statement of cash flows		
Net cash flows generated from operating activities	**366,389**	468,117
Net cash flows generated from investing activities	**124,855**	2,900
Net cash flows generated during the year	**491,244**	471,017

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17 Subsidiaries (continued)

17.4 Material non-controlling interests (continued)

17.4.2 Deyaar Development P.J.S.C

	31 December 2023 AED'000	31 December 2022 AED'000
Statement of financial position		
Investment in associates and joint ventures	**1,367,028**	1,356,671
Properties held for development and sale	**1,018,736**	1,453,283
Investment properties	**799,489**	708,940
Receivables and other assets	**1,438,287**	1,190,806
Other	**1,888,204**	1,451,815
Total assets	**6,511,744**	6,161,515
Due to banks and financial institutions	**644,005**	939,223
Payables and other liabilities	**983,373**	708,642
Total liabilities	**1,627,378**	1,647,865
Net assets	**4,884,366**	4,513,650

	2023 AED'000	2022 AED'000
Statement of comprehensive income		
Total income	**474,265**	336,750
Total expenses	**(100,847)**	(211,462)
Depositors' share of profit	**(59,500)**	(36,387)
Share of profit from associates and joint ventures	**61,762**	44,663
Profit for the year	**375,680**	133,564
Other comprehensive loss	**(4,964)**	(8,019)
Total comprehensive income	**370,716**	125,545
Statement of cash flows		
Net cash flows generated from operating activities	**673,669**	113,163
Net cash flows generated from investing activities	**(44,070)**	67,835
Net cash flows used in financing activities	**(355,367)**	(69,502)
Net cash flows generated during the year	**274,232**	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	**2023 AED'000**	2022 AED'000
Current accounts		**40,936,163**	48,493,373
Saving accounts		**40,382,186**	37,576,669
Investment deposits (Term deposits based on Mudaraba)		**140,219,713**	111,964,117
Margin accounts		**434,223**	503,829
Depositors' investment risk reserve	*18.3*	**18,940**	19,253
Depositors' share of profit payable	*18.4*	**62,982**	79,662
Total		**222,054,207**	198,636,903

18.2 Analysis by geography

	2023 AED'000	2022 AED'000
Within the U.A.E.	**214,737,070**	187,740,415
Outside the U.A.E.	**7,317,137**	10,896,488
Total	**222,054,207**	198,636,903

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.

Investment Risk Reserve represents the reserve created by appropriating from time to time a percentage of the overall profit of the depositors of the relevant pool before allocating the profit to different tiers, in order to use the same for compensation of any losses in future.

Movement of depositors' investment risk reserve is as follows:

	Note	**2023 AED'000**	2022 AED'000
Balance at 1 January		**19,253**	18,036
Zakat for the year	*23*	**(501)**	(509)
Net transfer from depositors' share of profit during the year	*18.4*	**188**	1,726
Balance at 31 December		**18,940**	19,253

18.4 Depositors' share of profit payable

		2023 AED'000	2022 AED'000
Balance at 1 January		**79,662**	38,362
Depositors' share of profit for the year	*37*	**1,009,948**	696,463
Net transfer to depositors' investment risk reserve	*18.3*	**(188)**	(1,726)
Less: amount paid during the year		**(1,026,440)**	(653,437)
Balance at 31 December		**62,982**	79,662

19 Due to banks and financial institutions

19.1 Analysis by category

	2023 AED'000	2022 AED'000
Current accounts with banks	**79,607**	97,894
Investment deposits (Term deposits based on Mudaraba)	**12,887,358**	12,711,586
Total	**12,966,965**	12,809,480

Investment deposits include deposits of AED 7.2 billion (2022: AED 7.2 billion) under collateralized commodity Murabaha arrangement from banks and financial institutions.

19.2 Analysis by geography

	2023 AED'000	2022 AED'000
Within the U.A.E.	**10,481,967**	10,044,952
Outside the U.A.E.	**2,484,998**	2,764,528
Total	**12,966,965**	12,809,480

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	2023 AED'000	2022 AED'000
Listed Sukuk - Irish Stock Exchange / Nasdaq Dubai				
Sukuk issued by the Bank	2.95%	February 2025	**2,753,269**	2,751,970
Sukuk issued by the Bank	2.95%	January 2026	**4,777,210**	4,778,340
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**	2,754,750
Sukuk issued by the Bank	5.49%	November 2027	**2,754,750**	2,754,750
Sukuk issued by the Bank	4.80%	August 2028	**3,673,000**	-
Sukuk issued by the Bank	3.63%	February 2023	**-**	3,672,702
Sukuk issued by a subsidiary	4.47%	April 2023	**-**	1,836,500
Private placement				
Sukuk issued by a subsidiary	6M Kibor + 70 bps	December 2032	**53,313**	66,098
Sukuk issued by a subsidiary	3M Kibor + 175 bps	December 2028	**41,685**	51,586
Total			**20,480,977**	22,339,696

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 December 2022, a subsidiary issued Sharia Compliant Trust Certificates of PKR 4,000 million (AED 53.3 million) at an expected profit rate equal to 6M Kibor plus 70 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 Compliant Trust Certificates of PKR 3,300 million (AED 41.6 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	**2023** **AED'000**	2022 AED'000
Sundry deposits and amanat		**1,705,884**	1,280,958
Acceptances payable		**1,027,862**	869,739
Depositors' and Sukuk holders' share of profit payable	*21.2*	**2,012,021**	1,198,309
Provision for employees' end-of-service benefits	*21.3*	**256,256**	270,062
Fair value of Islamic derivative liabilities	*45.1*	**1,057,385**	1,578,082
Provision for taxation	*22.1*	**6,696**	19,076
Lease liability		**128,336**	170,233
Others		**4,669,411**	4,661,688
Total		**10,863,851**	10,048,147

21.2 Depositors' and Sukuk-holders share of profit payable

		2023 **AED'000**	2022 AED'000
Balance at 1 January		**1,198,309**	789,167
Wakala and other investment deposits from banks and customers	37	**6,723,913**	2,329,722
Sukuk-holders' accrued/realised profit on Sukuk issued	37	**743,531**	608,091
Paid during the year		**(6,653,732)**	(2,528,671)
Balance at 31 December		**2,012,021**	1,198,309

21 Payables and other liabilities (continued)

21.3 Provision for employees' end-of-service benefits

	Note	2023 AED'000	2022 AED'000
Balance at 1 January		**270,062**	263,594
Charged during the year	*38*	**4,224**	33,247
Paid during the year		**(18,030)**	(26,779)
Balance at 31 December		**256,256**	270,062

22 Taxation

22.1 Provision for taxation

		2023 AED'000	2022 AED'000
Balance at 1 January		**19,076**	2,332
Charged during the year	*22.3*	**133,416**	95,179
Paid during the year		**(142,130)**	(76,233)
Foreign exchange effect		**(3,666)**	(2,202)
Balance at 31 December		**6,696**	19,076

22.2 Deferred tax liability / (asset)

		2023 AED'000	2022 AED'000
Balance at 1 January		**(57,871)**	(49,980)
Charged during the year	*22.3*	**(35,804)**	(15,951)
Foreign exchange effect		**9,180**	8,060
Balance at 31 December		**(84,495)**	(57,871)

22.3 Income tax expense

		2023 AED'000	2022 AED'000
Current taxation	*22.1*	**133,416**	95,179
Deferred taxation	*22.2*	**(35,804)**	(15,951)
Total		**97,612**	79,228

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

23 Zakat payable

	Note	2023 AED'000	2022 AED'000
Zakat charged to equity attributable to shareholders of the Bank		**490,905**	428,820
Zakat accounted and paid by investees		**(36)**	(32)
Shareholders' Zakat for the year payable by the Bank		**490,869**	428,788
Zakat adjustment related to previous years		**1,677**	(375)
Net Zakat payable by the Bank on shareholders' behalf		**492,546**	428,413
Zakat on depositors' investment risk reserve	*18.3*	**501**	509
Zakat adjusted / paid for previous years		**(1,677)**	375
Total Zakat payable		**491,370**	429,297

24 Share capital

As at 31 December 2023, 7,240,744,377 authorised ordinary shares of AED 1 each (2022: 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 2023	Issuance amount Equivalent AED '000 31 December 2022
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 Mudarib) 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.

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 2023 and 2022 is as follows:

	Statutory reserve AED'000	General reserve AED'000	Regulatory credit risk reserve AED'000	Treasury shares AED'000	Total AED'000
2023					
Balance at 1 January 2023	**11,465,984**	**2,350,000**	**870,000**	**(31,316)**	**14,654,668**
Transfer from retained earnings	**-**	**-**	**130,000**	**-**	**130,000**
Balance at 31 December 2023	**11,465,984**	**2,350,000**	**1,000,000**	**(31,316)**	**14,784,668**
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

26.2 Statutory reserve

Article 239 of the U.A.E. Federal Law No. (32) of 2021 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.

	2023 AED'000	2022 AED'000
Regulatory general provision required	**3,983,732**	3,686,461
Aggregate expected credit loss for stage 1 and 2	**2,585,163**	2,359,392
Acquisition fair value adjustment and Stage 1 and 2 ECL of acquired entity	**402,614**	466,683
Regulatory credit risk reserve	**1,000,000**	870,000
Regulatory general provision available	**3,987,777**	3,696,075

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 (2022: 13,633,477 shares) amounting to AED 31.3 million (2022: AED 31.3 million).

Notes to the consolidated financial statements
for the year ended 31 December 2023

27 Investments fair value reserve

	2023 AED'000	2022 AED'000
Balance at 1 January	**(1,062,927)**	(972,955)
Fair value loss on other investments at FVTOCI, net	**(282,925)**	(124,519)
Transfer to retained earnings on disposal of investments carried at FVTOCI	**13,866**	34,547
Balance at 31 December	**(1,331,986)**	(1,062,927)

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 0.45 per share at their meeting held on 23 January 2024.

For the year ended 31 December 2022, the shareholders approved a cash dividend of AED 0.30 per share (AED 2,168.1 million) at the Annual General Meeting held on 15 March 2023.

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 2023 and 2022 is as follows:

	2023 AED'000	2022 AED'000
Contingent liabilities and commitments:		
Letters of guarantee	**9,905,827**	10,604,229
Letters of credit	**1,637,773**	1,605,282
Undrawn facilities commitments	**17,054,515**	12,140,387
Total contingent liabilities and commitments	**28,598,115**	24,349,898
Other commitments:		
Capital expenditure and commitments	**1,066,433**	1,047,176
Total other commitments	**1,066,433**	1,047,176
Total contingent liabilities and commitments	**29,664,548**	25,397,074

31 Income from Islamic financing and investing transactions

	2023 AED'000	2022 AED'000
Income from Islamic financing and investing assets	**13,473,038**	9,475,998
Income from investments in Sukuk	**2,915,967**	2,049,322
Income from Treasury Placement (Commodity Murabaha) with the Central Bank	**735,975**	161,109
Income from investment and Wakala deposits with financial institutions	**36,459**	21,424
Income from Treasury Placement (Commodity Murabaha) with financial institutions	**65,119**	30,973
Total	**17,226,558**	11,738,826

Income from financing and investing assets is presented net of forfeited income of AED 1.3 million (2022: AED 3.3 million). During the year ended 31 December 2023, the Group has disbursed from the charity fund of the Bank AED 23.4 million (2022: AED 13.3 million) for various social contribution purposes. The disbursement from charity fund is done in accordance with the approved Zakat and charity policy of DIB and in accordance with the guidance of ISSC and CSS Committee of DIB.

32 Commissions, fees and foreign exchange income

	2023 AED'000	2022 AED'000
Commission and fees	**1,286,779**	1,069,701
Foreign exchange income	**354,064**	347,861
Other commissions and fees	**153,848**	183,317
Total	**1,794,691**	1,600,879

33 Income from other investments measured at fair value, net

	2023 AED'000	2022 AED'000
Dividend income from investments measured at FVTOCI	**30,926**	56,064
Total	**30,926**	56,064

34 Income from properties held for development and sale, net

	Note	2023 AED'000	2022 AED'000
Sales proceeds		**955,156**	553,312
Less: cost of sale	*13.1*	**(717,926)**	(415,469)
Total		**237,230**	137,843

35 Income from investment properties

Income from investment properties represents the net rental income amounting to AED 120.9 million (2022: AED 116.9 million) recognised by the Group from its investment properties and a gain of AED 222.9 million (2022: AED 113.3 million) on disposal of certain investment properties.

Notes to the consolidated financial statements
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36 Other income

	Note	**2023 AED'000**	2022 AED'000
Realised gain on disposal of investments in Sukuk		**688**	9,158
Services income, net		**110,343**	92,297
Net gain / (loss) on disposal of property and equipment		**22**	(2,454)
Others		**183,136**	110,335
Total		**294,189**	209,336

37 Depositors' and Sukuk-holders' share of profit

		2023 AED'000	2022 AED'000
Mudaraba investment and savings deposits from customers	*18.4*	**1,009,948**	696,463
Wakala and other investment deposits of banks and customers	*21.2*	**6,723,913**	2,329,722
Sukuk-holders' accrued/realised profit on Sukuk issued	*21.2*	**743,531**	608,091
Total		**8,477,392**	3,634,276

38 Personnel expenses

		2023 AED'000	2022 AED'000
Salaries, wages and other benefits		**1,719,767**	1,549,864
Staff terminal benefits	*21.3*	**4,224**	33,247
Total		**1,723,991**	1,583,111

39 General and administrative expenses

	2023 AED'000	2022 AED'000
Premises and equipment maintenance costs	**221,222**	194,816
Administrative expenses	**233,807**	196,537
Rental charges under operating leases	**95,312**	95,767
Other operating expenses	**681,663**	479,380
Total	**1,232,004**	966,500

Notes to the consolidated financial statements
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40 Impairment charges, net

		2023 **AED'000**	2022 AED'000
Financial assets			
Provision for Islamic financing and investing assets charged	*9.3*	**1,324,735**	1,326,908
Net provision charge for other assets		**256,582**	775,970
Impairment charges for financial assets, net		**1,581,317**	2,102,878
Non-financial assets			
Impairment release for non-financial assets		**(185,449)**	-
Impairment release for non-financial assets		**(185,449)**	-
Total impairment charges, net		**1,395,868**	2,102,878

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 Sukuk-holders by the weighted average number of shares outstanding during the year as follows:

	2023 **AED'000**	2022 AED'000
Profit for the year attributable to owners of the Bank	**6,797,676**	5,474,400
Profit attributable to Tier 1 Sukuk-holders	**(404,030)**	(404,030)
Board of Directors' remuneration	**(20,393)**	(21,000)
	6,373,253	5,049,370
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)	**0.88**	0.70

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	**2023** **AED'000**	2022 AED'000
Cash and balances with the central banks	*7.1*	**24,019,524**	26,489,144
Due from banks and financial institutions	*8.1*	**4,483,687**	4,606,943
Due to banks and financial institutions	*19.1*	**(12,966,965)**	(12,809,480)
		15,536,246	18,286,607
Add: Due to banks and financial institutions over three months		**11,078,012**	8,727,842
Balance at 31 December		**26,614,258**	27,014,449

Notes to the consolidated financial statements
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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 2023, 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.

	2023	2022
	%	%
Islamic financing and investing assets	**4.5**	5.0
Customer deposits	**8.6**	8.2
Due to banks	**8.5**	-

43.4 Compensation of key management personnel

	2023	2022
	AED'000	AED'000
Salaries and other benefits	**84,218**	80,235
Employee terminal benefits	**2,321**	1,041

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**
2023				
Islamic financing and investing assets	**915,233**	**318,542**	**14,966**	**1,248,741**
Investment in Sukuk	**823,324**	**-**	**-**	**823,324**
Customers' deposits	**1,474,702**	**417,338**	**12,390**	**1,904,430**
Contingent liabilities and commitments	**-**	**95,786**	**541**	**96,327**
Income from Islamic financing and investing	**66,846**	**16,590**	**737**	**84,173**
Income from investment in Sukuk	**32,728**	**-**	**-**	**32,728**
Depositors' share of profits	**51,566**	**16,460**	**-**	**68,026**

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
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 assets	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

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 2023 and 2022.

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.

Notes to the consolidated financial statements
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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	
	2023 AED'000	2022 AED'000	**2023 AED'000**	2022 AED'000	**2023 AED'000**	2022 AED'000	**2023 AED'000**	2022 AED'000	**2023 AED'000**	2022 AED'000	**2023 AED'000**	2022 AED'000
Net operating revenue	**5,323,407**	4,875,203	**2,882,327**	2,844,278	**2,006,538**	1,495,121	**475,588**	345,027	**977,104**	907,489	**11,664,964**	10,467,118
Operating expense	**(1,440,055)**	(1,213,528)	**(640,958)**	(494,363)	**(101,357)**	(87,769)	**(257,252)**	(211,108)	**(721,905)**	(726,398)	**(3,161,527)**	(2,733,166)
Net operating revenue	**3,883,352**	3,661,675	**2,241,369**	2,349,915	**1,905,181**	1,407,352	**218,336**	133,919	**255,199**	181,091	**8,503,437**	7,733,952
Impairment charge, net											**(1,395,868)**	(2,102,878)
Profit before income tax											**7,107,569**	5,631,074
Income tax expense											**(97,612)**	(79,228)
Profit for the year											**7,009,957**	5,551,846

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	
	2023 AED'000	2022 AED'000	**2023 AED'000**	2022 AED'000	**2023 AED'000**	2022 AED'000	**2023 AED'000**	2022 AED'000	**2023 AED'000**	2022 AED'000	**2023 AED'000**	2022 AED'000
Segment assets	**56,059,354**	52,149,592	**141,580,539**	132,350,562	**71,322,861**	55,341,861	**6,149,456**	5,746,709	**39,179,293**	42,649,767	**314,291,503**	288,238,491
Segment liabilities	**88,180,036**	78,668,960	**136,179,561**	123,694,601	**2,769,384**	3,232,757	**1,123,072**	840,185	**38,605,317**	37,827,020	**266,857,370**	244,263,523

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 2023 and 2022:

	Gross income from external customers	
	2023	2022
	AED'000	AED'000
Within the U.A.E.	**19,045,100**	13,104,535
Outside the U.A.E.	**1,097,256**	996,859
Total	**20,142,356**	14,101,394

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**
2023								
Islamic Derivatives held for trading:								
Unilateral promise to buy/sell currencies	**173,730**	**130,338**	**17,354,274**	**14,575,181**	**2,767,048**	**12,045**	**-**	**-**
Islamic profit rate swaps	**964,294**	**893,596**	**63,844,313**	**100,000**	**548,974**	**17,541,491**	**19,364,096**	**26,289,752**
Islamic currency (Call/Put) options	**33,451**	**33,451**	**1,571,618**	**-**	**1,314,545**	**257,073**	**-**	**-**
Total	**1,171,475**	**1,057,385**	**82,770,205**	**14,675,181**	**4,630,567**	**17,810,609**	**19,364,096**	**26,289,752**
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

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 Sharia 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".

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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 2023 and 2022:

2023	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	**-**	**-**	**24,019,524**	**24,019,524**
Due from banks and financial institutions	**-**	**-**	**4,483,687**	**4,483,687**
Islamic financing and investing assets, net	**-**	**-**	**199,453,349**	**199,453,349**
Investment in Sukuk	**220,388**	**-**	**67,951,777**	**68,172,165**
Other investments measured at fair value	**846,510**	**-**	**-**	**846,510**
Receivables and other assets	**-**	**1,171,475**	**4,817,646**	**5,989,121**
	1,066,898	**1,171,475**	**300,725,983**	**302,964,356**
Financial liabilities				
Customers' deposits	**-**	**-**	**222,054,207**	**222,054,207**
Due to banks and financial institutions	**-**	**-**	**12,966,965**	**12,966,965**
Sukuk issued	**-**	**-**	**20,480,977**	**20,480,977**
Payables and other liabilities	**-**	**1,057,385**	**10,145,756**	**11,203,141**
	-	**1,057,385**	**265,647,905**	**266,705,290**
2022				
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

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:

2023	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	427,265	-	-	427,265
Unquoted instruments	-	-	639,633	639,633
Other assets				
Islamic derivative assets	-	1,171,475	-	1,171,475
Financial assets measured at fair value	427,265	1,171,475	639,633	2,238,373
Other liabilities				
Islamic derivative liabilities	-	1,057,385	-	1,057,385

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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)

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

There were no transfers between Level 1, 2 and 3 during the years ended 31 December 2023 and 2022.

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

	2023 AED'000	2022 AED'000
Balance at 1 January	**811,404**	968,552
Loss in other comprehensive income	**(275,049)**	(104,099)
Disposal during the year	**-**	(82,264)
Others	**103,278**	29,215
Balance at 31 December	**639,633**	811,404

46 Financial assets and liabilities (continued)

46.2.3 Fair value of financial instruments

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**
2023	**AED'000**	**AED'000**	**AED'000**	**AED'000**	**AED'000**
Financial assets:					
Investments in Sukuk	**68,172,165**	**60,046,297**	**1,590,356**	**4,688,253**	**66,324,906**
Financial liabilities:					
Sukuk issued	**20,480,977**	**19,646,660**	**-**	**94,998**	**19,741,658**
2022					
Financial assets:					
Investments in Sukuk	52,228,362	41,695,907	1,722,779	5,960,008	49,378,694
Financial liabilities:					
Sukuk issued	22,339,696	21,351,204	-	117,684	21,468,888

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 non-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.

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.

Provision and Impairment Review Committee

Provision and impairment review committee (PIRC) 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;
- that the DIB Group prudently recognizes significant deterioration in credit quality and non-performance and carries appropriate level of expected credit loss; and
- Review and consider impairment and fair value considerations for other classes of assets such as investments in subsidiaries, associates, investment properties and other investments.

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).

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). During the year ended December 2023, the committee was replaced by Provision and Impairments Review Committee.

47 Financial risk management (continued)

47.1 Introduction (continued)

47.1.1 Risk management structure (continued)

Model Risk Management Committee

The Committee is established to oversee models within Group Risk Management and Finance departments with the objective of:

- providing substantiated decisions related to each step of the model life-cycle;
- ensuring the models meet quality standards to support informed decision making;

The Committee's primary responsibility comprises requesting, approving and /or overseeing material decisions throughout the model life-cycle, such as new developments, re-development, modelling choices and methodologies, re-calibration, implementation, model usage, withdrawal, amongst other, ensuring good model governance and compliance with DIB's Model Governance Policy (MGP) and the Model Management Standards and Guidance issued by the Central Bank of the United Arab Emirates (MMSG). The Committee meets at least on a quarterly basis 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 Function

The Sharia Compliance function of Internal Sharia Control is responsible to continuously monitor the compliance of the Bank's businesses and activities with resolutions, fatwas, regulations and standards which are issued by the HAS as well as ISSC.

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 Fatwas 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 Group Internal Sharia Audit Department which examines the adequacy of the procedures and the Group's Operations' compliance with the Fatwas and guidance of the ISSC. Group 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.

47 Financial risk management (continued)

47.1 Introduction (continued)

47.1.2 Risk measurement and reporting systems (continued)

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.

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 Financial risk management (continued)

47.1 Introduction (continued)

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.

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 Financial risk management (continued)

47.2 Credit risk (continued)

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 2023 AED'000	Gross maximum exposure 2022 AED'000
Balances with central banks	**21,798,067**	24,606,341
Due from banks and financial institutions	**4,486,605**	4,609,861
Islamic financing and investing assets	**208,355,983**	194,835,411
Investment in Sukuk	**68,473,610**	52,605,274
Other investments measured at fair value	**846,510**	1,024,759
Receivables and other assets	**6,418,571**	8,898,157
	310,379,346	286,579,803
Contingent liabilities	**11,543,600**	12,209,512
Commitments	**17,121,974**	12,140,387
Total	**339,044,920**	310,929,702

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:

	2023 AED'000	2022 AED'000
The U.A.E.	**272,007,728**	260,617,090
Other Gulf Cooperation Council (GCC) countries	**36,856,801**	19,240,664
Asia	**15,931,420**	15,940,130
Europe	**9,073,108**	11,407,264
Africa	**4,599,609**	2,931,300
Others	**576,254**	793,254
Total	**339,044,920**	310,929,702

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 2023 AED'000	Gross Maximum Exposure 2022 AED'000
Government	**69,929,448**	64,423,116
Financial Institutions	**40,697,929**	39,329,533
Real estate	**57,221,220**	53,794,420
Contracting	**7,558,147**	11,702,134
Trade	**9,837,850**	9,793,123
Aviation	**16,317,047**	19,081,342
Services and others	**81,055,504**	60,603,098
Consumer financing	**32,169,526**	28,765,256
Consumer home finance	**24,258,249**	23,437,680
Total	**339,044,920**	310,929,702

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.

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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 2023 AED'000**	Total 2022 AED'000
Low risk			
Risk rating class 1a to 4c	*Aaa – Baa3*	**157,191,886**	125,093,715
Moderate risk			
Risk rating class 5a to 6c	*Ba1 – B3*	**144,103,783**	142,457,294
Fair risk			
Risk rating classes 7a to 7d	*Caa1 – Ca*	**24,476,628**	27,647,227
Default			
Risk rating classes 8 to10	*C*	**13,272,623**	15,731,466
Total		**339,044,920**	310,929,702

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:

2023	**Stage 1 AED'000**	**Stage 2 AED'000**	**Stage 3 AED'000**	**Total AED'000**
Balances with central banks	**21,798,067**	**-**	**-**	**21,798,067**
Due from banks and financial institutions	**4,486,605**	**-**	**-**	**4,486,605**
Islamic financing and investing assets	**182,532,317**	**14,326,958**	**11,496,708**	**208,355,983**
Investment in Sukuk	**67,135,781**	**1,264,953**	**72,876**	**68,473,610**
Other investments measured at fair value	**846,510**	**-**	**-**	**846,510**
Receivables and other assets	**5,525,345**	**323,819**	**569,407**	**6,418,571**
	282,324,625	**15,915,730**	**12,138,991**	**310,379,346**
Contingent liabilities	**11,543,600**	**-**	**-**	**11,543,600**
Commitments	**17,121,974**	**-**	**-**	**17,121,974**
Total	**310,990,199**	**15,915,730**	**12,138,991**	**339,044,920**

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

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 based on the carrying values.

2023	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	23,511,363	508,161	-	-	-	24,019,524
Due from banks and financial institutions	4,483,687	-	-	-	-	4,483,687
Islamic financing and investing assets, net	22,478,419	30,687,129	78,471,616	67,816,185	-	199,453,349
Investments in Sukuk	1,154,468	4,229,948	28,466,370	34,321,379	-	68,172,165
Other investments measured at fair value	-	-	-	-	846,510	846,510
Investments in associates and joint ventures	-	-	-	-	2,431,828	2,431,828
Properties held for development and sale	-	-	-	-	1,050,081	1,050,081
Investment properties	-	-	-	-	5,625,224	5,625,224
Receivables and other assets	729,425	3,676,522	1,899,460	18,732	-	6,324,139
Property and equipment	-	-	-	-	1,884,996	1,884,996
Total assets	52,357,362	39,101,760	108,837,446	102,156,296	11,838,639	314,291,503
Liabilities and equity:						
Customers' deposits	169,511,105	51,179,322	1,159,422	204,358	-	222,054,207
Due to banks and financial institutions	4,435,594	8,323,049	177,049	31,273	-	12,966,965
Sukuk issued	-	-	20,387,776	93,201	-	20,480,977
Payables and other liabilities	6,842,443	2,136,355	1,856,503	28,550	-	10,863,851
Zakat payable	-	491,370	-	-	-	491,370
Equity	-	-	-	-	47,434,133	47,434,133
Total liabilities and equity	180,789,142	62,130,096	23,580,750	357,382	47,434,133	314,291,503

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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)

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	136,762,440	57,543,449	3,817,789	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	150,726,965	66,669,550	26,190,130	676,878	43,974,968	288,238,491

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 2023 and 2022. 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.

	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
2023					
Customers' deposits	**170,267,217**	**52,669,948**	**1,222,361**	**416,161**	**224,575,687**
Due to banks and other financial institutions	**4,448,682**	**8,380,456**	**208,322**	**-**	**13,037,460**
Sukuk issued	**-**	**-**	**22,581,576**	**93,201**	**22,674,777**
Payables and other liabilities	**6,842,443**	**2,136,355**	**1,856,503**	**28,550**	**10,863,851**
Zakat payable	**-**	**491,370**	**-**	**-**	**491,370**
Total liabilities	**181,558,342**	**63,678,129**	**25,868,762**	**537,912**	**271,643,145**
Contingent liabilities:					
Letters of guarantee	**8,651,815**	**1,120,679**	**132,714**	**619**	**9,905,827**
Letters of credit	**939,499**	**595,989**	**102,285**	**-**	**1,637,773**
	9,591,314	**1,716,668**	**234,999**	**619**	**11,543,600**
Capital expenditure commitments	**10,176**	**67,459**	**988,798**	**-**	**1,066,433**
Total contingent liabilities and commitments	**9,601,490**	**1,784,127**	**1,223,797**	**619**	**12,610,033**

	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
2022					
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

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.

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, 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 2023 and 2022.

Currency	**Increase in basis points**	**2023 AED'000**	2022 AED'000
Sensitivity of net profit income	**50**	**32,954**	132,585

Notes to the consolidated financial statements
for the year ended 31 December 2023

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 2023 and 2022. Included in the table are the Group financial instruments at their carrying amounts, categorised by currency.

2023	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	23,635,020	-	-	-	-	384,504	24,019,524
Due from banks and financial institutions	796,589	2,633,440	656,919	19,724	56,337	320,678	4,483,687
Islamic financing and investing assets, net	148,741,667	45,879,131	1,128,312	14,878	7,948	3,681,413	199,453,349
Investment in Sukuk	1,065,199	65,451,598	-	-	-	1,655,368	68,172,165
Other investments at fair value	353,398	429,267	38,132	-	-	25,713	846,510
Receivables and other assets	2,903,490	2,679,022	44,708	-	38,458	323,443	5,989,121
Total	177,495,363	117,072,458	1,868,071	34,602	102,743	6,391,119	302,964,356
Financial Liabilities:							
Customers' deposits	184,931,845	30,379,585	167,677	317,404	1,527,015	4,730,681	222,054,207
Due to banks and other financial institutions	4,057,590	8,370,875	-	70,164	1,593	466,743	12,966,965
Sukuk issued	-	20,385,979	-	-	-	94,998	20,480,977
Payables and other liabilities	6,548,168	4,176,104	15,868	8,816	100,687	353,498	11,203,141
Total	195,537,603	63,312,543	183,545	396,384	1,629,295	5,645,920	266,705,290
Net on balance sheet	(18,042,240)	53,759,915	1,684,526	(361,782)	(1,526,552)	745,199	36,259,066
Unilateral promise to buy/sell currencies	7,484,670	(8,224,629)	(1,139,937)	361,269	1,400,985	117,642	-
Currency position - long/(short)	(10,557,570)	45,535,286	544,589	(513)	(125,567)	862,841	36,259,066

Notes to the consolidated financial statements
for the year ended 31 December 2023

47 Financial risk management (continued)

47.4 Market risk (continued)

47.4.3 Foreign exchange risk (continued)

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 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

Notes to the consolidated financial statements
for the year ended 31 December 2023

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 2023 and 2022 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 2023 AED'000**	Effect on profit or loss 2022 AED'000
US Dollar	**+2**	**910,708**	579,036
GBP	**+2**	**(10)**	(69)
EURO	**+2**	**(2,511)**	(351)

Currency	**Decrease in currency rate in %**	**Effect on profit or loss 2023 AED'000**	Effect on profit or loss 2022 AED '000
US Dollar	**-2**	**(910,708)**	(579,036)
GBP	**-2**	**10**	69
EURO	**-2**	**2,511**	351

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 2023 and 2022 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 2023 AED'000**	**Effect on equity 2023 AED'000**	Effect on profit or loss 2022 AED'000	Effect on equity 2022 AED'000
Pak Rupees	**+5**	**4,430**	**26,805**	4,224	27,741
Egypt Sterling	**+5**	**541**	**4,140**	551	4,487

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 2023 AED'000	Effect on equity 2023 AED'000	Effect on profit or loss 2022 AED'000	Effect on equity 2022 AED'000
Pak Rupees	**-5**	**(4,008)**	**(23,201)**	(3,822)	(24,051)
Egypt Sterling	**-5**	**(490)**	**(3,746)**	(498)	(4,061)

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 2023 and 2022) 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 2023 AED'000	Effect on other comprehensive income 2022 AED'000
Dubai Financial Market	**± 5%**	**5,330**	4,568
Abu Dhabi Exchange	**± 5%**	**3,122**	2,552
Bahrain Stock Exchange	**± 5%**	**920**	2,066
Other	**± 5%**	**4,331**	4,452

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 32.0 million (2022: AED 40.6 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.

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 Sharia 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 Sharia 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 control and Sharia compliance functions.
- the third line of defence represented by Group Internal Sharia Audit Department ("GISAD"), follows Risk-based Sharia Audit approach for annual planning, undertakes the execution of Sharia audit assignments of the Bank and reports its findings to the ISSC.

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 2023 is 13.5% inclusive of capital conservation buffer of 2.5% and D-SIB buffer of 0.5%.

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.

Notes to the consolidated financial statements
for the year ended 31 December 2023

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:

	2023	2022
	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	**14,088,870**	11,604,509
Cumulative deferred exchange losses	**(1,741,437)**	(1,565,666)
Investment fair value reserve	**(1,334,593)**	(1,075,766)
Intangible assets	**(127,048)**	(83,614)
Deferred tax assets	**(84,495)**	(57,871)
Total CET 1 Capital	**31,826,709**	29,847,004
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	**40,090,959**	38,111,254
Tier 2 Capital		
Collective impairment allowance	**2,845,523**	2,633,187
Total Tier 2 Capital	**2,845,523**	2,633,187
Total capital base	**42,936,482**	40,744,441
Risk weighted assets		
Credit risk	**227,641,803**	210,654,941
Market risk	**2,292,207**	2,618,334
Operational risk	**18,689,483**	18,313,054
Total risk weighted assets	**248,623,493**	231,586,329
Capital Ratios		
Capital adequacy ratio	**17.3%**	17.6%
Tier 1 Capital ratio	**16.1%**	16.5%
Common Equity Tier 1 ratio	**12.8%**	12.9%

The capital adequacy ratio for the year 2023 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.

49 Profit rate benchmark reforms

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

The main risks to which the Group was exposed as a result of IBOR reform were 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 included 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 established policies to amend the contractual terms. These amendments included 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 substantially completed in line with the regulatory and industry-wide recommended milestones on cessation of LIBOR.

The Bank has updated necessary changes in its products, services, systems and reporting and is writing 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 continues to engage with internal and external stakeholders to support an orderly transition and to mitigate the risks resulting from the transition.

The Bank has transitioned all derivative and non-derivative financial assets to SOFR.

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 the threshold set by 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.

On 16 January 2023 the UAE government published a Cabinet Decision setting the threshold at which the new Corporate Income Tax will apply. This event made the Corporate Income Tax substantively enacted and enacted within the meaning of IAS 12. Enactment of the legislation requires the recognition of deferred taxes where relevant, however the Bank does not have any deferred tax balances to record for the period. The impact of any future changes in enacted law will be accounted for when such changes are substantively enacted or enacted.

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 23 January 2024.

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2023 GOVERNANCE REPORT

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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

On behalf of the Board of Directors (the "Board"), it is my pleasure to present the 2023 Corporate Governance Report for Dubai Islamic Bank Public Joint Stock Company ("DIB") to our respected stakeholders.

It is our conviction that exemplary governance stands as the bedrock of any successful financial institution, underpinning the pillars of judicious decision-making, ethical integrity, and sustainable growth. As we navigate an ever-evolving landscape, the significance of a robust governance framework and related practices are paramount. Our framework embodies DIB's dedication to its role as a responsible Islamic financial institution, committed to delivering superior services that are in harmony with our fundamental objectives and core values.

Over the past year, acknowledging the pivotal role that robust governance plays in ensuring DIB's sustained success and ethical integrity, we have persistently focused on improving our governance framework and practices. This commitment to striving for excellence reflects our dedication to upholding the trust and confidence vested in us by our key stakeholders.

Over the course of 48 years, DIB has established itself as the leading Islamic bank in the United Arab Emirates and amongst the largest in the world. By ensuring that the governance framework remains a priority, the Board affirms its responsibility and accountability to our stakeholders and reinforces the foundation upon which DIB's enduring success is built. This strategic focus empowers us to advance with agility and resilience, fostering an environment that aligns with the highest standards of corporate governance.

We hold a firm belief that diversity is essential in augmenting governance by enriching decision-making processes and promoting innovation and adaptability in a dynamic environment. The Board recognizes the significant value of diversity and was pleased to welcome two new independent directors in 2023, including DIB's first female Director.

As we look ahead, we remain committed to continuous improvement and adaptability in the face of an ever-changing business landscape. I extend my sincere gratitude to the Board, our esteemed Sharia scholars who serve on the Internal Sharia Supervision Committee, our senior management team, and all employees for their resolute dedication throughout 2023.

1.

CORPORATE GOVERNANCE FRAMEWORK OVERVIEW

1.

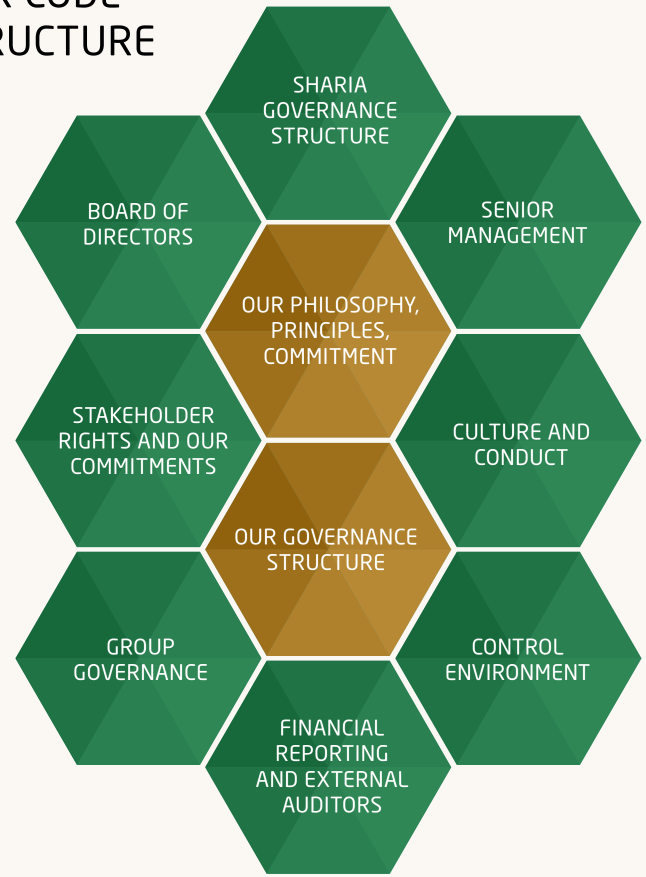
CORPORATE GOVERNANCE FRAMEWORK OVERVIEW

As a pioneer in the industry, DIB continues to be committed to strengthening stakeholder confidence and trust in itself and consequently, the financial services industry as a whole. We recognize the importance of robust governance practices in forging sustainable long-term value and delivering on commitments to our stakeholders. We therefore are dedicated to continuous improvement in respect of our governance framework and related practices.

DIB operates in compliance with the governing laws of the United Arab Emirates ("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"), the Dubai Financial Market, and the Higher Sharia Authority. Together with the provisions of relevant laws and regulations, our governance framework is also shaped by our Articles of Association.

Our key corporate governance principles and practices, which form a part of our governance framework, are set out in our Code of Corporate Governance (the "Code") published on our website. The Code identifies the responsibilities and accountabilities of the Board, its committees, and senior management. It is supported by various governance elements including but not limited to, terms of references for the Board, its committees and the management-level committees, established delegations of authority, frameworks relating to risk management, Sharia governance, oversight of DIB's subsidiaries and affiliates and governance policies, which include those governing conflicts of interest, related party transactions, personal trading and prohibitions on insider trading.

OUR CODE STRUCTURE



1. CORPORATE GOVERNANCE FRAMEWORK OVERVIEW

DIB's annual general meeting represents an important component within our governance framework. It facilitates structured engagement with shareholders and a mechanism for shareholders to exercise their rights. The expansion of the general meeting to a hybrid model which enables virtual attendance has allowed our shareholders to reach us in a more convenient manner with the same level of clarity and engagement.

DIB is overseen by a competent and diverse Board who are responsible for the overall stewardship of DIB and fostering its long-term success. The Board draws on the extensive collective experience and expertise of its members to enable it to perform its duties and responsibilities effectively. The Board is supported by its dedicated committees that operate in line with the terms of references approved by the Board.

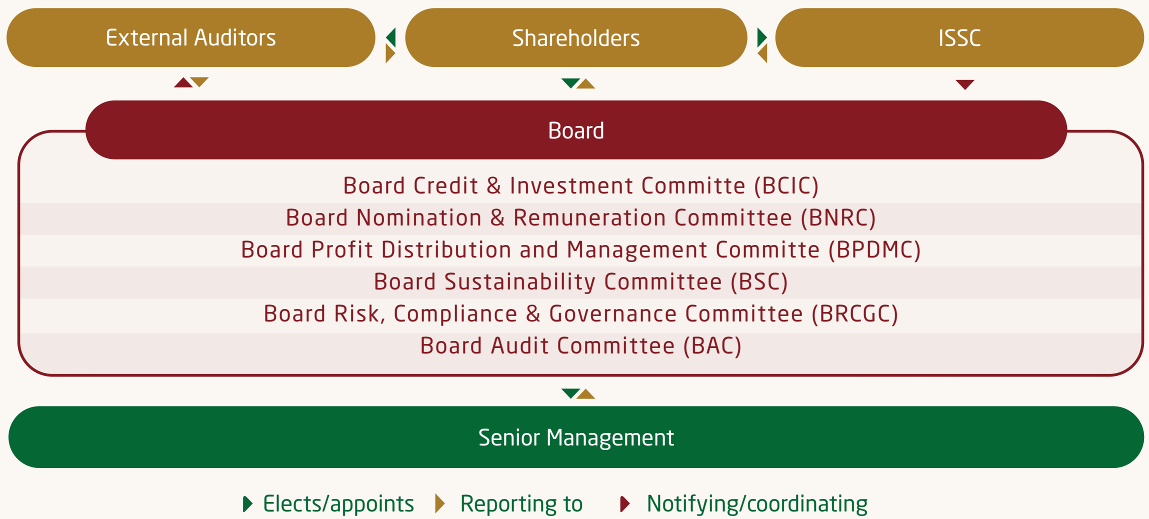
Integral to the Board's responsibility is ensuring Sharia compliance. In discharging this responsibility, the Board is supported by DIB's Internal Sharia Supervision Committee ("ISSC") which is comprised of scholars specialised in Islamic financial transactions appointed by the shareholders.

The Board is supported by an experienced senior management team who are responsible for DIB's day-to-day activities and are accountable to the Board to ensure that the business is conducted prudently and in compliance with approved policies, risk appetite and relevant laws and regulations.

Our corporate governance framework enables the Board, ISSC and senior management to prudently carry out their responsibilities while ensuring the pursuit of strategic and business objectives is conducted within a robust governance and control framework that fosters and upholds the principles of transparency, accountability, responsibility and fairness which are integral to our corporate governance framework.

The Board periodically reviews the corporate governance framework components to ensure they remain fit for purpose, taking into account, amongst other factors, the size of the group, complexities, risk profiles and the regulatory landscape.

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 or 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 Director's Code of Conduct, Board terms of reference, and our overarching Conflict of Interest Policy.



1. CORPORATE GOVERNANCE FRAMEWORK OVERVIEW

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. Our employees are also guided by a Service Code of Conduct and Standards which sets out behavioral expectations in terms of customer service and experience. All employees have a responsibility to speak up and report suspected criminal or unethical behavior in accordance with our whistleblowing policy which mandates that reports are independently, confidentially and fairly investigated and that whistleblowers are protected from any form of retaliation as a result of making a report in good faith. Extending our expectations in terms of conduct, we also introduced our Supplier Code of Conduct in 2023.

This report aims to share material information regarding our corporate governance practices and the structures which safeguard our sustainable growth. The information in this report is a reflection of our unwavering commitment to our governance philosophy as prescribed in our Code, and to reinforce our dedication for sound corporate governance practices. By approving this report, the Board confirms that it has and shall continuously review and monitor the implementation of key corporate governance policies to ensure their adequacy and alignment with regulatory requirements.

Looking ahead towards 2024, we must first keep in consideration the macroeconomic and geopolitical environment of 2023 and draw wisdom to pave our way ahead. In 2023, the macro economic performance was largely on expected lines primarily dominated by inflationary pressures cooling off which was complemented by increase in rates though at a milder pace and ultimately pausing towards end of year. Global growth was slower than in 2022 and acute recessionary fears had largely faded by end of the year though concerns lingered around China. The overhang of geopolitical issues across the globe will remain a key risk factor going into 2024. In addition, the performance and recovery of the largest economies in the world with cascading impact on global growth will be closely watched. Complete control over inflation to remain below central bank thresholds will determine rates though the baseline predictions indicate rate cuts towards the latter part of the year. Banks can expect moderation of net profit margins and profitability metrics with falling rates. Stable growth, asset quality and solvency can be expected though the aforementioned risks may cause stress. Through our robust 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.

For further information on the elements of the governance structure, responsibilities, and reporting lines, please refer to our publicly available Code of Corporate Governance.

2.

GOVERNANCE REFLECTIONS OF 2023

2.

GOVERNANCE REFLECTIONS OF 2023

CONTINUOUS IMPROVEMENT IN OUR FRAMEWORK

We are committed to regularly reviewing and enhancing our corporate governance framework to embed enriched practices taking into account stakeholder expectations and our own ambitions to ensure we are well positioned to deliver on our purpose and drive our strategic objectives.

The outcomes of robust assessments at the Board, board committee and management committee levels were carefully considered and fed back into the corporate governance framework in 2023, and alongside this exercise all terms of references were refreshed to ensure they remain fit for purpose. We continued our efforts to streamline our practices relating to governance of the group, management of delegations and policies across the organisation and extended our focus to our supply chain, by introducing a Supplier Code of Conduct which establishes the standards we expect from our suppliers.

INTEGRATING SUSTAINABILITY

We recognise and embrace the role we play in creating a sustainable world, through being a responsible and transparent financial institution and corporate citizen.

Following the introduction of our Sustainable Financing Framework in the second half of 2022, we extended our focus to establishing a comprehensive sustainability strategy which was approved by the Board in 2023. Our strategy reflects our sustainability ambitions which are fully aligned with our core ethos as an Islamic financial institution.

To guide and oversee the implementation of our strategy and progress against our sustainability ambitions we established a dedicated Board Sustainability Committee and Management Sustainability Committee in 2023. During our attendance of COP 28 which was hosted at our home, Dubai, in 2023, we renewed our commitment to align our strategy to the UAE Net Zero 2050 agenda. To achieve this, we have already begun to fully embed sustainability in our business strategy and it will effectively guide our operations going forward.

In the spirit of transparency, we obtained external assurance on our Sustainability Report and Sustainable Finance Report produced for 2023 so that our stakeholders have access to objective assurance that we continue to deliver on our promises.

For full details on our sustainability efforts and initiatives, please refer the third edition of our sustainability report.

2.

GOVERNANCE REFLECTIONS OF 2023

LEADING WITH OUR PEOPLE AND CULTURE

Operating in an industry where players are distinguished by their ability to innovate and delight their customers, we believe our people are our most valued asset. Within the context of governance, our human capital and organizational culture are critical elements as they impact our ability to effectively achieve our objectives and deliver on our commitments. We believe that a workforce that is skilled, motivated, and actively embraces and demonstrates our values and expected standards reinforces the foundation upon which sound governance is built. We see diversity, equity and inclusion ("DEI") and wellbeing as essential to our ultimate success, driving engagement and diverse thinking, thereby improving decision-making and our ability to effectively manage risks.

Under the guidance of the Board Nomination and Remuneration Committee ("BNRC"), the focus on our people and culture continued with vigor in 2023, as our People strategy, designed to enhance our workforce capabilities, optimise talent management, strengthen our governance and foster an inclusive culture that aligns with our objectives was recalibrated. As part of the overarching People strategy we introduced a DEI and Wellbeing strategy reinforcing our commitment to foster diversity in the workforce, support an inclusive culture especially in regards to UAE nationals, women, youth and people of determination. A dedicated DEI and Wellness function was established to lead the programs and initiatives in support of the strategy. During the year we also invested significant efforts in enhancing our competency, talent management and succession planning frameworks in alignment with our values, revising our rewards framework strengthening the integration of good corporate governance principles and prudent risk-taking (including the introduction of deferred variable compensation) and deep engagement on people and organisational culture aspects at the Board level.

We expanded our learning and development platforms to include initiatives such as talent round tables for our high potential employees and the 'lunch and learn' series. In 2023 we completed 27,800 diversified learning opportunities that match with learners' development needs, launched 11 curriculum design pathways for major departments, introduced virtual reality based leadership training and an exclusive women's training app for our female employees which supplements our gamified learning platform available for our employees.

CULTIVATING EMIRATI TALENT

Our dedication to cultivating Emiratis stands as a cornerstone of our organisational ethos and a key driver of our future. It also reflects our commitment to the economic and social fabric of the UAE, helping to ensure that Emirati professionals play a pivotal role in the growth and innovation of our industry. Our efforts to embrace and promote UAE nationals across all levels of our operations have not only enriched the workforce but also significantly contributed to the national agenda.

Under the guidance of the BNRC and in line with our Emiratisation strategy, we have continued to demonstrate our commitment to Emiratisation in 2023 through initiatives and focus on critical and senior management roles within DIB. This included the introduction of a targeted transition program to prepare UAE nationals for more senior roles, nurturing 911 Emiratis through customized development journeys (incorporating workshops, field trips and training events) and certifications in collaboration with world class training vendors (such as ETHRAA Program delivered by Emirates Institute of Finance), and implementing a hiring strategy targeting Emirati professionals for critical senior roles. We have enrolled over 80 Emiratis in the ETHRAA program over the past two years.

Considering the workforce as at 31 December, our Emirati workforce has steadily increased over the last three years from 819 colleagues in 2021 and 864 colleagues in 2022 to 905 colleagues in 2023, representing 45%, 45%, and 44% respectively of the overall employee base.

2.

GOVERNANCE REFLECTIONS OF 2023

LEVERAGING TECHNOLOGY

We believe that the strategic adoption of technology is paramount to building our business capabilities and enabling us to achieve our objectives of growth, expansion and competitive market positioning. We also see technology as a key component in fostering an effective, transparent and responsive governance system which facilitates streamlined processes, enhanced access to and accuracy of information, and agile decision making. Technology is a core element of our strategy, and for that reason, a digital technology roadmap is embedded within our business plans that focusses on delivering a superior experience, resilient business architecture and growth opportunities through data monetization and digital products. In 2023 we have continued with our long-term strategy to invest in our technology and related infrastructure, which included deploying complex data models using machine learning capabilities to predict customer behavior and drive customization and an improved customer experience. With a focus on agility and resilience we established our cloud strategy and deployed many strategic services in the local UAE cloud. Our digitalisation and digitisation agenda remained a priority throughout 2023 which saw the digitalisation of several customer related process. This resulted in a significant amount of efficiencies and productivity gains across the organisation.

STRENGTHENING RISK MANAGEMENT

We recognise that a robust risk management framework is essential in identifying, assessing, and mitigating potential threats, ensuring our resilience in the face of an ever-evolving landscape. By integrating risk considerations into our governance processes, we not only safeguard sustainable value creation but also fortify the trust of our stakeholders. Effectively navigating risks requires a proactive and comprehensive approach, one that aligns risk management strategies with our overarching business goals. As we uphold our fiduciary responsibilities, the Board remains steadfast in its commitment to fostering a risk-aware culture that permeates every level of the organisation, thereby positioning our financial institution for sustainable success and responsible growth.

In 2023, we continued strengthening our risk management across all areas. At the core was the ongoing review and reinforcement of risk policies, identification, measurement, reporting and escalation across all material areas of risk including credit, liquidity, profit rate risk, operational, reputational, conduct, market, cyber, data and models to better align with strategy, operational requirements, regulatory and international best practices. In addition, a few specific areas and initiatives which gained increased focus during the year are highlighted below.

2.

GOVERNANCE REFLECTIONS OF 2023

Risk culture

At the heart of risk management is risk culture which transcends policies, frameworks, processes and methods. A good risk culture implies the right people in the right place, all working towards a common goal to meet our strategic goals within agreed risk tolerances. During the year, closer alignment of business strategy with risks, greater engagement of the first line of defense in identifying and understanding risks in transactions and processes, better consideration of risks in rewards and expansion of risk based KPIs to material risk takers contributed to a healthier risk culture. We consider the development of a healthy risk culture as an ongoing journey and therefore, embedding fuller understanding of risks and implications and enforcing the right behavior across the organisation will remain our primary goal.

Models

We have conducted an in-depth review and gap assessment of model maturity against international and regulatory requirements, following which a detailed action plan was put in place to ensure timely resolution of identified gaps. The actions primarily involve strengthening infrastructure - people, process, methods and data - across critical models in use. Governance in this area has been strengthened with appropriate segregation, and enforcing discipline amongst model developers and users to ensure that models remain fit for purpose through their life cycle.

Data

With our continuing strategic direction towards automation to meet customer and operational requirements, we recognize the need for accurate and timely data and remained focused on implementing various initiatives under our Data Governance Framework during the year. 2023 witnessed further enhancement of customer data quality reaching the targets set at the beginning of the year. Additional work relating to data governance included identification of appropriate data governance and master data management solutions, the implementation of which will take us closer to the aspired data maturity targets.

Cyber security

New age technologies introduce a proliferation of cyber threats which are increasing in sophistication. We have set in place advanced solutions, processes and infrastructure to prevent and manage cyber events and incidents. During the year the focus remained on increasing investments in cyber security tools which are cutting edge with the ability to detect and prevent advanced persistent threats, among others. Incident management was brought under increased spotlight with cyber war game exercises aimed at training operational and senior executives in handling of live cyber events.

Risk based pricing

We recognise the importance of allocating scarce capital to the most optimal mix of assets. While ensuring that returns are commensurate with underlying risks, creation of shareholder value in a sustainable manner remains a high priority. During 2023, we further enhanced our risk based pricing models through Return on Risk Weighted Assets which forms a key component of all financing and investment decisions. Ensuring comprehensiveness of the metric such that all relevant components of returns as well as risks are covered and creating wider awareness across all lines of defense have also remained at the center of our initiatives.

2.

GOVERNANCE REFLECTIONS OF 2023

Concentration risk

Concentrations, in particular, on the assets and liabilities side require careful management within thresholds so that cliff effects on asset quality, profitability, liquidity, capital, among others are avoided. While we have over the years remained focused on measurement and close management of this critical risk, in 2023, several steps were taken including embedding the risk within financing and investment decisions and in risk-based pricing so that the risks are understood and returns are accordingly assessed for appropriateness. We continued to tighten thresholds so that the risk remained within acceptable levels. Differentiated behavioral patterns with progressively higher runoffs for large liabilities and structured assessment of large depositors for stability have been firmly embedded into liquidity risk management.

Conduct risk

We believe that the protection of stakeholders' interests is paramount. Over the last three years, we have made significant investments into technology, built new processes and infrastructure and trained people to meet the regulatory expectations not only in letter but also in spirit. Conduct risk appetite has been strengthened during the year to ensure wider coverage of all related aspects including specific quantitative metrics such as customer complaint trends and also qualitative assessments which measure our maturity in conduct risk management.

Outsourcing and vendor risks

We treat our key vendors as an extension of our organisation in every way. Their conduct, data management, business resilience, cyber security, amongst others, reflects directly on us and therefore, we recognize the need for ongoing understanding and management of all risks underlying our outsourced activities. During the year, we made significant progress in ensuring compliance with new regulatory requirements on outsourcing which included risk and materiality assessment of key vendors and revising their contractual obligations to reflect accountabilities for conduct, data and audit. This area will remain at the forefront of various risk initiatives so that consequential impact on reputation and brand is mitigated.

2.

GOVERNANCE REFLECTIONS OF 2023

STRENGTHENING COMPLIANCE

Compliance and governance are intertwined elements in DIB. We depend on governance for establishing the framework for decision making and accountability in line with regulatory requirements, while compliance ensures adherence to laws and regulations within that framework. Effective governance structures set by the Board provide the foundation for establishing and monitoring compliance protocols, fostering a culture of ethical conduct, and hedging non-compliance risks within our organisation.

In line with our strategy to fortify compliance in DIB, we have brought major reforms in compliance standards across the three lines of defense model to ensure compliance with regulatory requirements as well as global best practices. Our compliance framework, including financial crime, has been revamped from both design and operating effectiveness perspectives. Key projects which have been undertaken include aligning customer risk rating methodology and tools, building in-house capabilities for conducting enterprise wide financial risk assessment, implementation of a robust trade based money laundering framework covering pre/post transactional monitoring along with providing system support to operations teams for price verification and vessel tracking, independent process of list management and compliance system validations and optimisation. We will continue to assess processes and system enhancements for better management of risk.

FOCUSING ON GROUP ALIGNMENT

We have embedded a specific group governance framework into our corporate governance framework and organisational dynamics. The framework sets the guidelines for how we exercise oversight over our diverse group entities. Our approach is proportionate and seeks to bring alignment within the group where relevant with due consideration of the specific local laws and regulations that apply to each entity.

In 2023 we have remained focused on aligning our key subsidiaries and affiliates to the group practices and frameworks (where relevant), simplifying and rationalising our group structure, enhancing oversight through monitoring and continuous knowledge sharing. We have achieved further progress in standardisation of practices across our group entities and this was reflected in proactive management of issues with potential impact on the group. Our group compliance oversight on subsidiaries was further enhanced to monitor progress on projects/initiatives, continuous knowledge sharing engagement amongst the teams along with alignment of group methodology in our flagship subsidiaries in Kenya and Pakistan.

Below is a list of our key subsidiaries and affiliates:

KEY SUBSIDIARIES
Dubai Islamic Bank Pakistan Limited.
DIB Bank Kenya Limited
Deyaar Development P.J.S.C.
Tamweel P.S.C
Noor Bank P.J.S.C.
Al Tanmyah Services L.L.C
Dar Al Sharia Islamic Finance Consultancy L.L.C.

KEY AFFILIATES
Bank of Khartoum
PT Bank Panin Dubai Syariah, TBK
Bosna Bank International DD Sarajevo
Liquidity Management Centre B.S.C. ©
Ejaar Cranes & Equipment LLC

2.

GOVERNANCE REFLECTIONS OF 2023

PREPARING FOR UAE CORPORATE TAX

In line with our unwavering commitment to ensuring we are compliant, transparent and accountable we have invested significant effort throughout 2023 in ensuring that we are well positioned for the introduction of corporate taxation in the UAE, which becomes effective from 1 January 2024. This has included proactively enhancing our understanding of local and international tax developments, engaging with an independent third party to conduct a tax impact assessment and ensuring appropriate structures, resources and systems are in place, taking into account our wider group. We understand that tax is embedded in almost every aspect of commercial operations and we are committed to being a responsible taxpayer. We will remain vigilant by engaging with tax authorities, monitoring the changing tax landscape, assessing the impact on our business and implementing the necessary changes accordingly.

DRIVING CUSTOMER-CENTRIC SOLUTIONS

Payment Solutions

DIB Corporate Cash Management received the 'Best Corporate Payment Service' award at MEA Finance Banking Technology Awards 2023, in recognition of the customized Host-to-Host connectivity solution developed and successfully deployed for large public and private sector clients. The solution enables direct interface between client Enterprise Resource Planning ("ERP") and DIB's core banking platforms. The client has the benefit of authorizing payments at their end and the transactions are transferred under secured encrypted protocols for straight through processing by the bank without any manual intervention. Real-time status of transactions is also made available to the client on their ERP platform. Corporate clients who have benefited from this value added payment solution operate across diverse industry segments such as real estate, government ministries, utilities, free zones, hospitality, oil and gas. In 2023 DIB processed more than AED 191.64 billion payment value through this digital channel.

e-Commerce

Our transaction banking capabilities were enhanced by successfully completing the phased deployment of a robust e-Commerce acquiring solution. The solution is an integral part of our broader Cash Management suite of offering. It is designed to facilitate corporate customers across multiple industry sectors (e.g. utilities, retail, logistics, real estate, health, education, and travel & entertainment etc.) involved in online sales where customers have the option to make payments using credit / debit cards. CyberSource (a VISA Card Association entity) is one of the most robust industry platforms used by over 200 acquirers worldwide across 160+ countries with 99.9999% uptime since its operating history. The solution makes DIB one of the selected few banks in the UAE market which have the eCommerce acquiring capability. The customer can benefit from multi-currency cards acceptance through value added features, such as web and hosted payments, iOS & Android payments, link and invoice payments, virtual/ unattended kiosks payments, IVR based payments, batch processing acceptance, and real-time reports. In 2023 DIB processed merchant sales volume of more than AED 0.6 billion.

Sustainable Home Finance Product (Nest)

We introduced our home finance sustainable product that complies with Sharia principles and promotes environmental sustainability. DIB's sustainable home finance product is a specialized product designed to encourage the purchase, build or retro-fit of environmentally friendly homes that utilise sustainable products and practices. This new product offers additional benefits to customers as an impetus to choose the sustainable home finance product to buy or build energy-efficient and eco-friendly homes.

Digitisation of Customer Contracts

As part of our overall commitment to putting our customer first and promoting sustainability and efficiency, we continued our digitalisation efforts through launching the digital acceptance of our home finance contracts giving customers a seamless experience.

3.

BOARD OF DIRECTORS

3.

BOARD OF DIRECTORS

OVERVIEW

The Board is responsible for the overall stewardship of DIB, delivery of sustainable value to shareholders and protection of the legitimate rights of DIB's stakeholders.

Our Board is comprised of nine (9) members appointed by the shareholders for a term of three (3) years. In line with the requirements of the CBUAE all members are non-executive and at least one third of the members shall be independent in accordance with the independence requirements of the CBUAE. Candidates are subject to clearance from the CBUAE prior to announcing the nomination to shareholders for consideration. Members may be reappointed for subsequent terms, provided that an independent director shall lose their independence if their tenure as a member of the Board exceeds twelve (12) consecutive years from the date of appointment.

In 2023, the Board's term came to fruition and new elections took place in the annual general meeting convened on 15 March 2023. The shareholders reelected seven of the existing board members and two new members, who have further contributed to enhancing the Board's diversity and collective knowledge and experience.

The Board is supported by a number of specialised committees.

OUR BOARD AT A GLANCE 2023

Members (8 MALE 1 FEMALE)	9
Non-Executive Members	100%
Independent Directors	44%
Current Term	2023-26
Board Meetings	10
Training Sessions	4
Board Committees	6
Committee Meetings	61

3.

BOARD OF DIRECTORS

H.E. Mohammad Ibrahim Al Shaibani

Non-Executive, Board Chairman

Period since first election: 15 years

H.E. 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 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 Chairman of the Supreme Fiscal Committee of Dubai, which oversees Dubai's fiscal policies and is 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 Chairman of the Higher Committee of World Expo 2020.

H.E. Al Shaibani serves as Chairman 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, he played a pivotal role in restructuring Dubai's debt.

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

Non-Executive, Board Vice Chairman

Period since first election: 12 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.

3.

BOARD OF DIRECTORS

Dr. Hamad Mubarak Buamim

Non-Executive, Independent Board Member

Period since first election: 9 years

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

Previously, Dr. Buamim held the esteemed position of President and CEO ofat the Dubai Chamber of Commerce from 2006 to 2022. During his tenure, he led transformative initiatives in Dubai and chaired the basedICC World Chambers Federation (Paris) from 2018 to 2022. He also contributed his expertise as a member of the Board of the UAE Central Bank from 2012 to 2018.

Dr. Buamim's educational journey includes earning a Doctorate of Business Administration (DBA) from Warwick Business School in the UK, a testament to his commitment to continuous learning. Before his doctoral studies, he excelled academically in the USA, earning an MBA with honourshonors in Finance from the University of Missouri, Kansas City. His educational foundation also includes a Bachelor of Science (BSc) in Electrical Engineering .with Magna Cum Laude from the University of Southern California, Los Angeles. This diverse educational background significantly contributed to his multifaceted strategic leadership roles in prominent organizations globally.

Mr. Hamad Abdulla Rashed Obaid Al Shamsi

Non-Executive, Board Member

Period since first election: 12 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.

Mr. Al Shamsi served on the Board of Directors of several leading private and government institutions engaged in commercial, financial and service-based activities in the UAE, including Etihad Airways. 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 a MBA majoring in Finance and Banking from the United States.

3.

BOARD OF DIRECTORS

Mr. Ahmad Mohammad Bin Humaidan

Non-Executive, Board Member

Period since first election: 15 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

Non-Executive, Board Member

Period since first election: 12 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.

3.

BOARD OF DIRECTORS

Mr. Bader Saeed Hareb Al Mheiri

Non-Executive, Independent Board Member

Period since first election: 1 year

Mr. Al Mheiri is a highly experienced Real Estate professional with over 20 years' experience in different areas of Real Estate Development and Investments, throughout his career, Bader held the most senior positions in the largest organizations within the real estate sector such as Emaar, Dubai Healthcare City, Majid Al Futtaim Properties, Nakheel and Etisalat.

Mr. Al Mheiri serves as the Vice-Chairman of Sharjah Holding which is a world-leading investment holding company anchored in Sharjah established in 2008 to develop a diversified cross-sector portfolio of strategic assets. Also Mr. Al Mheiri is the Vice-Chairman of the Wave in Muscat and Board Member in Dubai Healthcare City.

In previous roles, Mr. Bader served as the Chief Executive Office of Emaar Development during 2017 - 2021, Chief Executive officer of Dubai Healthcare City during 2015 - 2017, Chief Property Officer of Majid Al Futtaim Properties in Dubai during 2011 - 2015 and Managing Director for Development & Procurement in Nakeel the leading real estate developer of Dubai during 2007 - 2011.

Mr. Al Mheiri holds an Executive Master Degree of Business Administration from the American University of Sharjah and obtained a Bachelor Degree in Civil Engineering from United Arab Emirates University Al Ain in 2002.

Mr. Javier Marin Romano

Non-Executive, Independent Board Member

Period since first election: 7 years

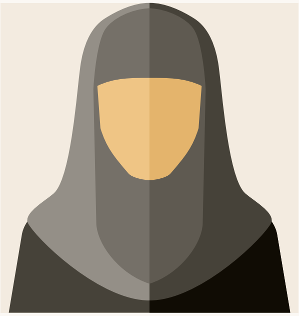
Mr. Romano serves as the CEO of Singular Bank (Spain) part of Warburg Pincus the leading global investment group, created in 1966 and with presence in more than 40 countries, with more than 55 years of experience in financial services, manages more than (USD) 80,000 million in assets and has an active 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).

3.

BOARD OF DIRECTORS



Dr. Cigdem Kogar

Non-Executive, Independent Board Member

Dr. Kogar is an economist, former central banker & former diplomat specialising in financial markets and regulations. She is currently the founder and CEO of Izgi Global Consultancy, working on sustainable business development, providing consultancy to international institutions for partnership and enhancing relationship management amongst public authorities, foreign institutions & companies.

Dr. Kogar has an extensive experience in central banking, banking regulation & supervision, Basel Committee, FSB, IFSB, G20 and other international platforms, banking & finance, risk analysis, financial stability, macro economy, monetary & financial policy and the payment system.

Over the 30 years of experience at the Central Bank of the Republic of Turkiye, she had several executive roles at the Bank, including Chair of the Check Clearing Board and the Risk Center, Executive Director of the Banking and Financial Institutions Department. Between 2014-2020 Dr. Kogar was Chief London Representative of the Central Bank and Economic Counsellor to the Turkish Embassy in London. She had also served as a consultant to the OECD HQ in Paris, Economics Dept. Turkiye-Italy desk for two years.

During her central banking career, she was the Board Member of the Central Bank of the Republic of Northern Cyprus, responsible for licensing, regulating and supervising banks and other financial institutions. Alongside her responsibility for monetary policy & macroeconomic policy coordination, she took an active role in the strategic governance of the Central Bank between 2010-2021 in the region.

Dr. Kogar is an advocate of sustainable development and women empowerment and a speaker at United Nations HQ, New York, about "Inclusive Green Growth" and "Sustainability in Business and Industry" in 2019 and 2023 respectively at the International Day of Women & Girls in Science Assembly. Dr. Kogar is the chapter author of "Empowering Women in Science, Technology and Innovation in the Digital Economic Era" in the book "Women & Girls in Science for Socio-Economic Sustainable Development".

Dr. Kogar holds a PhD in Economics from Middle East Technical University with a thesis on "Fiscal & Current Account Sustainability, Banking Fragility & Balance Sheets: 2000-2001 Financial Crises in Turkey", MA in Economics from Boston College, USA and B.Sc. in Economics from Middle East Technical University, Ankara Turkiye. She has been a visiting lecturer in economics and finance at Bilkent University and Middle East Technical University in Turkiye.

FEMALE REPRESENTATION ON THE BOARD

In the 2023 election, two formidable female candidates were identified by the Board and presented to the shareholders, who voted for one to become the first female director to serve on DIB's 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 encouraging 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.

BOARD REMUNERATION

Board remuneration is comprised of three components, a fixed payment in relation to membership on the Board, a fixed payment in relation to membership on committees and a meeting attendance fee in relation to attendance at committee meetings (AED 15,000 per meeting). The Chair and Vice Chair of the Board and the Chair of committees are eligible for a higher fixed payment element as compared to the Board members and committee members respectively in recognition of the additional responsibilities and dedication demanded of these roles. 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 Board remuneration for 2022 was AED 23,231,506.85 and was approved by the shareholders in the annual general meeting held on 15 March 2023 (as the aggregate Board remuneration).

The proposed aggregate Board renumeration for 2023 is AED 23,948,835.63 and shall be tabled for shareholder approval at the 2024 annual general meeting.

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

BOARD MEETINGS

The table below sets out the dates of the Board meetings and attendance details. There were 10 meetings held during 2023. Depending on the director's joining date, the table below sets out the attendance. It is worthy of mention that the directors have not extended a proxy for attendance on their behalf in the case of their absence:

NO.	DATE OF MEETING	PRESENT	APOLOGIES
1.	24 January 2023	7	Mr. Hamad Mubarak Buamim
2.	21 February 2023	7	Mr. Abdulaziz Ahmed Rahma Mohamed Almheiri
3.	20 March 2023	8	None
4.	18 April 2023	8	None
5.	2 May 2023	8	None
6.	25 July 2023	8	None
7.	29 August 2023	8	None
8.	31 October 2023	8	None
9.	28 November 2023	8	Mr. Javier Marin Romano
10.	22 December 2023	8	Mr. Yahya Saeed Ahmad Nasser Lootah

3.

BOARD OF DIRECTORS

RESOLUTIONS BY PASSING DURING 2023

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 (as amended), the Board may issue resolutions by passing. The Board has issued a number of resolutions by passing during 2023 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.

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 2023. 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.

BOARD SHARE OWNERSHIP

NAME	31 DECEMBER 2022	31 DECEMBER 2023
Mohammad Al Shaibani	48,026,386	48,026,386
Mr. Hamad Abdulla Rashed Obaid Al Shamsi	100,000	100,000
Eng. Yahya Saeed Ahmad Nasser Lootah	19,743,592	19,743,592
Mr. Abdulaziz Ahmed Rahma Al Mheiri	-	-
Mr. Ahmad Mohammad Bin Humaidan	-	-
Dr. Hamad Mubarak Buamim	-	-
Mr. Javier Marin Romano	-	-
Dr. Cigdem Izgi Kogar	-	-
Mr. Bader Saeed Abdulla Saeed AlMuhairi	-	-

Other than the above the spouses and children of the Board members do not hold any shares in the Bank. Furthermore, there were no transactions (Sell or Buy) for the investors mentioned above in DIB securities during 2023.

3.

BOARD OF DIRECTORS

BOARD ASSESSMENT

The Board is committed to setting the tone from the top, driving accountability, transparency and continuous improvement. In support of this commitment the Board recognises the importance of regular, objective assessments of its own performance as a key contributor to effective corporate governance. The feedback garnered from these assessments is instrumental in shaping our governance practices and driving board effectiveness.

The Board has committed to undertaking an assessment of itself, its committees and directors on an annual basis. The BNRC is responsible to make recommendations to the Board regarding the approach for the assessment and oversees the process, ensuring compliance with the requirements prescribed by the CBUAE. The Board Secretary supports the Board and the BNRC in carrying out this exercise. To date the Board has engaged with an independent external party, Hawkamah, to facilitate this process. The latest assessment report, capturing the results of the questionnaire and the one-on-one interviews conducted by Hawkamah with the directors, was presented to the Board in July 2023 and concluded the following:

- The Board and its committees operated on a basis of trust and openness, utilizing collective experience and knowledge in carrying out their responsibilities to meet the latest developments and future challenges.
- The Board and its committees are satisfied with the strategy process, the levels of monitoring performance and financial health of the bank.
- Directors are well equipped to perform their duties as they possess excellent leadership skills, strong commitment, diversified backgrounds and knowledge which facilitates a robust understanding of DIB's business environment and risks it may face.
- Directors are satisfied with the board meetings, their frequency, duration and the quality of information provided to the Board and its committees.

BOARD TRAINING

The Board recognises the importance of ongoing development as a vital component supporting board effectiveness. Our commitment to this process ensures that the directors have the necessary skills and knowledge to make informed decisions and sets the tone from the top regarding the importance of a culture that embraces continuous learning.
The BNRC oversees the directors' continuing education program taking into account, amongst other factors, the outcomes of the Board's annual assessment, DIB's strategy, market/industry developments, pertinent risk areas and other emerging topics. The program is reviewed at least annually and may include in-house or outside programs and the provision of topical materials.

In 2023 the Board participated in specialised sessions for the following topics which were facilitated by expert third parties:

1. The Board's role in overseeing and managing ESG Implementation
2. Safeguarding financial integrity in the global landscape of 2023
3. Organisational values and corporate culture
4. New market trend, strategy, products and market competition

4.

BOARD COMMITTEES

4.

BOARD COMMITTEES

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.

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");
- Board Profit Distribution & Management Committee ("BPDMC"); and
- Board Sustainability Committee ("BSC").

Each of these committees remain an integral part of the Board, where membership includes members of the Board and, in the case of the BPDMC, a representative of the ISSC in line with the expectations of the CBUAE. Following the reconstitution of the Board for the new term in March 2023 and the subsequent reforming of the committees for the new term, the role of the specialist who served on the BRCGC and BAC was concluded.

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 DIB. 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.

We believe that 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 their respective committee's framework, review of its operations, and for ensuring its effectiveness for the year 2023.

4.

BOARD COMMITTEES

THE BOARD AUDIT COMMITTEE

The BAC's role is to assist the Board in the consideration of several matters which it was given oversight over, including but not limited to:

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

The BAC continuously monitors the status updates of all open audit issues raised by GIA with a breakdown of risk rating, closure status, time dependencies and the overall resolution timeline. The committee escalates any concerns to the Board and ensures robust deliberation with the Group Chief of Internal Audit and senior management whenever the committee deems it necessary to do so.

While there were no cases of significant failure of control or risk management, the BAC has taken GIA's reports' findings into consideration and provided guidance on certain areas to further strengthen DIB's risk management and control environment. The BAC maintains a steadfast commitment to review the findings identified in the audit reports related to vulnerabilities in controls or risk management. In a proactive approach, the BAC diligently reviews the recommended control improvements and the corrective measures taken by management to rectify any discerned shortcomings or inadequacies. This resolute action underscores the committee's unwavering dedication to fostering continuous improvement within DIB's risk management and internal control framework.

The BAC met seven (7) times in 2023.

The BAC's composition and meeting attendance for 2023 was as follows:

DATE	MR. JAVIER MARIN ROMANO (Chair)	MR. AHMAD MOHAMMAD BIN HUMAIDAN (Member)	MR. ABDULLA HAMAD AL SHAMSI (Member until Mar-23)	MR. SAEED MOHAMED AL SHARID (Specialist until Mar-23)	DR. HAMAD MUBARAK BUAMIM (Member as of Mar-23)
24-Jan-23	✓	✓	✓	✓	-
22-Feb-23	✓	✓	✓	×	-
18-Apr-23	✓	✓	-	-	×
24-May-23	✓	✓	-	-	✓
24-Jul-23	✓	✓	-	-	✓
24-Oct-23	✓	✓	-	-	✓
22-Nov-23	✓	✓	-	-	✓

4.

BOARD COMMITTEES

BOARD NOMINATION AND REMUNERATION COMMITTEE

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, nomination, 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.
- Monitoring the organisational culture, overseeing strategic initiatives to drive the desired culture and report to the Board in this regard.

The BNRC met nine (9) times in 2023.

The BNRC's composition and meeting attendance for 2023 was as follows:

DATE	DR. HAMAD BUAMIM (Chair)	MR. YAHYA LOOTAH (Member)	MR. ABDULAZIZ AL MUHAIRI (Member until Mar-23)	MR. BADER HAREB ALMHEIRI (Member as of Mar-23)
03-Feb-23	✓	✓	×	-
13-Feb-23	✓	✓	×	-
27-Mar-23	✓	✓	-	✓
25-May-23	✓	×	-	✓
26-Jun-23	✓	×	-	✓
27-Sep-23	✓	✓	-	✓
11-Oct-23	✓	✓	-	✓
27-Nov-23	✓	✓	-	✓
12-Dec-23	✓	✓	-	✓

4.

BOARD COMMITTEES

BOARD RISK, COMPLIANCE AND GOVERNANCE COMMITTEE

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.
- Oversee DIB's model risk management and governance framework.
- 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 met eight (8) times in 2023.

The BRCGC's composition and meeting attendance for 2023 was as follows:

DATE	MR. ABDULLA HAMAD AL SHAMSI (Chair until Mar-23)	MR. AHMAD MOHAMMAD BIN HUMAIDAN (Member until Mar-23)	MR. SAEED MOHAMED AL SHARID (Specialist until Mar-23)	MR. BADER HAREB ALMHEIRI (Member as of Mar-23)	MR. JAVIER MARIN ROMANO	DR. CIGDEM KOGAR (Chair as of Nov-23)
20-Feb-23	✓	✓	✓	-	✓	-
14-Mar-23	✓	✓	✓	-	✓	-
18-May-23	-	-	-	✓	✓	-
22-Aug-23	-	-	-	✓	✓	-
28-Sep-23	-	-	-	✓	✓	-
27-Nov-23	-	-	-	✓	✓	✓
22-Dec-23	-	-	-	✓	✓	✓
29-Dec-23	-	-	-	✓	✓	✓

4.

BOARD COMMITTEES

BOARD CREDIT AND INVESTMENT COMMITTEE

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. The BCIC also provides guidance to the Board on the Bank's investment strategy and monitors investment performance at group level.

The BCIC met thirty-three (33) times in 2023.

The BCIC's composition and meeting attendance for 2023 was as follows:

DATE	MR. ABDULAZIZ AHMED RAHMA AL MHEIRI (Chair)	MR. HAMAD BIN ABDULLA AL SHAMSI (Vice Chair)	MR. YAHYA SAEED AHMAD NASSER LOOTAH (Member)	DR. HAMAD MUBARAK BUAMIM (Member)
10-Jan-23	✓	✓	✓	✓
17-Jan-23	✓	✓	✓	✓
31-Jan-23	✓	×	✓	✓
14-Feb-23	✓	✓	✓	×
21-Feb-23	×	✓	✓	✓
28-Feb-23	✓	×	✓	✓
14-Mar-23	✓	✓	✓	✓
28-Mar-23	×	✓	✓	✓
04-Apr-23	×	✓	✓	✓
18-Apr-23	×	✓	✓	✓
02-May-23	✓	✓	✓	✓
30-May-23	✓	✓	✓	✓
06-Jun-23	✓	✓	✓	✓
13-Jun-23	✓	✓	✓	✓
04-Jul-23	×	✓	✓	✓
11-Jul-23	✓	✓	✓	✓
18-Jul-23	✓	✓	✓	✓
31-Jul-23	✓	✓	✓	✓
08-Aug-23	✓	✓	✓	✓
22-Aug-23	✓	×	✓	✓
05-Sep-23	✓	✓	✓	✓
19-Sep-23	✓	✓	✓	✓
26-Sep-23	×	✓	✓	✓
10-Oct-23	✓	✓	×	✓
17-Oct-23	✓	✓	✓	✓
24-Oct-23	✓	×	✓	✓
31-Oct-23	✓	✓	✓	✓
07-Nov-23	✓	✓	✓	✓
21-Nov-23	✓	✓	✓	✓
28-Nov-23	✓	×	✓	✓
12-Dec-23	✓	✓	✓	✓
19-Dec-23	✓	×	✓	✓
26-Dec-23	✓	×	✓	✓

4.

BOARD COMMITTEES

BOARD PROFIT DISTRIBUTION & MANAGEMENT COMMITTEE

The BPDMC was established in December 2022 and effectively commenced operations in 2023. Its role is 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.

The BPDMC met three (3) times in 2023.

The BPDMC's composition and meeting attendance for 2023 was as follows:

DATE	MR. YAHYA SAEED AHMAD NASSER LOOTAH (Chair)	DR. MOHAMED ALI IBRAHIM EL GARI (Member)	DR. CIGDEM KOGAR (Member as of Nov-23)
09-May-23	✓	✓	-
01-Aug-23	✓	✓	-
30-Oct-23	✓	✓	-

BOARD SUSTAINABILITY COMMITTEE

The Board established the BSC in the second half of 2023 following the approval of DIB's sustainability strategy. The committee's role is to assist the Board in fulfilling its stewardship responsibilities with respect to DIB's long-term sustainability vision and strategy. The committee is tasked with spearheading DIB's sustainability related transformation driving the associated strategy implementation and overseeing the integration of sustainability and ESG considerations within DIB.

The BSC convened one (1) meeting in 2023.

The BSC's composition and meeting attendance for 2023 was as follows:

DATE	HAMAD BIN ABDULLA AL SHAMSI (Chair)	ABDULAZIZ AHMED RAHMA AL MHEIRI (Member)	AHMAD MOHAMMAD BIN HUMAIDAN (Member)
10-Oct-23	✓	✓	✓

5.

INTERNAL SHARIA SUPERVISION COMMITTEE

5.

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 Sharia 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 2023 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 twelve (12) times in 2023 with full attendance by the members, and more than three thousand (3,000) matters were considered for guidance by the ISSC, its Executive Member and the ISCD.

To support the Board in discharging its responsibility in relation to DIB's Sharia compliance, the Board met with the ISSC in January 2023 (represented by the ISSC Chairman) and in July 2023 to discuss issues pertaining to Sharia compliance.

The ISSC shall present its 2023 report to the shareholders in the next annual general meeting.

DIB's ISSC is comprised of the following five (5) Sharia Scholars:

Professor Dr. Mohamed Ali Elgari

Chairman

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.

5.

INTERNAL SHARIA SUPERVISION COMMITTEE

Sheikh Dr. Muhammad Abdulrahim Sultan Al Olama

Vice Chairman

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 Datuk 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.

5. INTERNAL SHARIA SUPERVISION COMMITTEE

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.

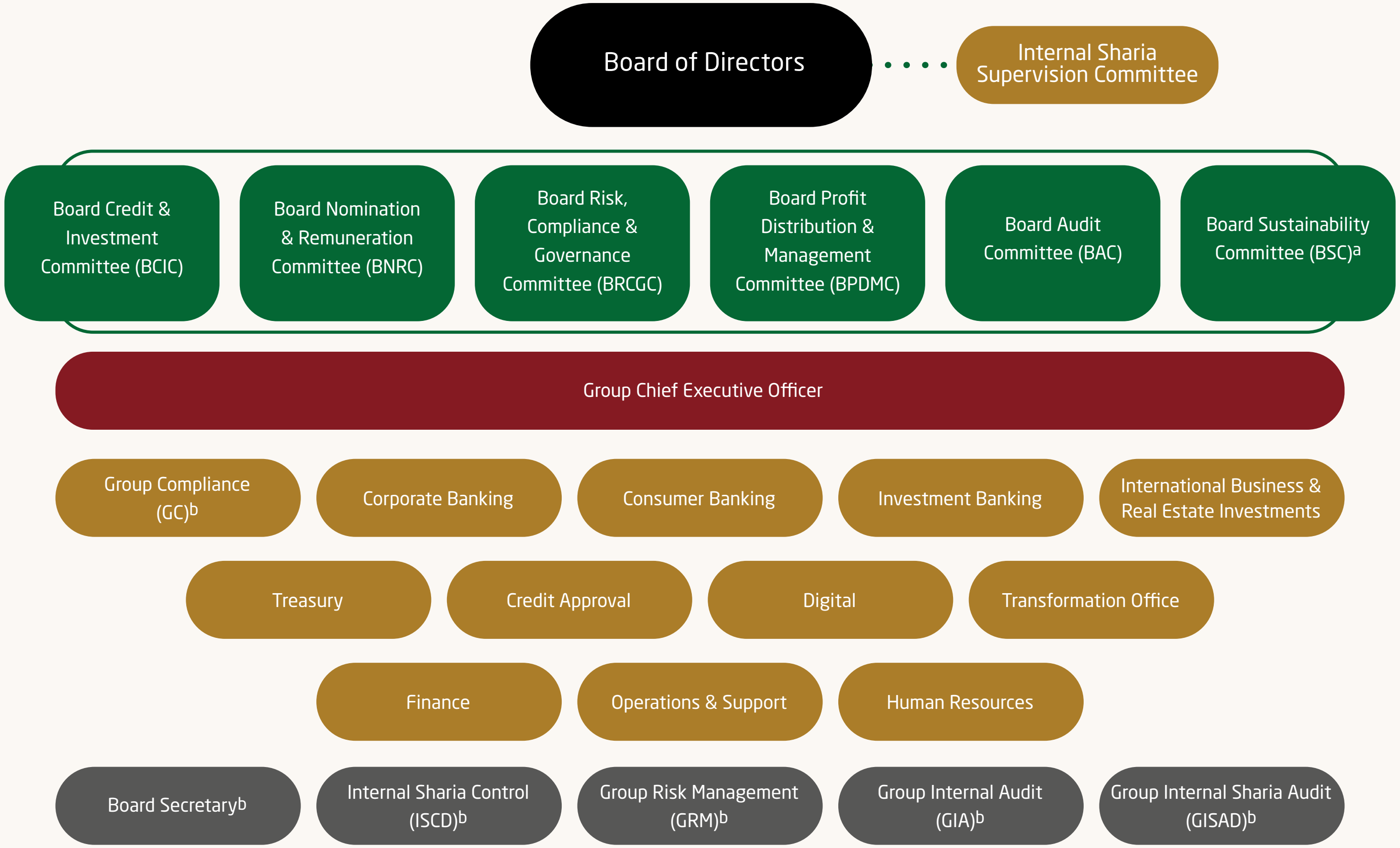
Dr. Al Mansoori holds a Ph.D in Economics and Islamic Banking, as well as two Master's Degrees in Economics & Islamic Banking and Pedagogical Psychology. He has authored various research papers on contemporary matters relating to Islamic Banking.

6.
MANAGEMENT

6.

MANAGEMENT

ORGANISATION STRUCTURE



a. The BSC was established in Q3 2023 and commenced operations in October 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 per the below:

- The Group Chief Compliance Officer reports to the Group Chief Executive Officer and has direct access to the BRCGC.
- The Group Chief Risk Officer reports to the BRCGC and coordinates with senior management.
- The Head of Internal Sharia Control reports to the Board and the ISSC (from a technical perspective) and coordinates with senior management.
- The Group Head of Internal Sharia Audit reports to the BAC and to the ISSC (from a technical perspective) and coordinates with senior management.
- The Group Chief Internal Auditor reports to the BAC and coordinates with senior management.
- The Board secretary reports directly to the Board and coordinates with senior management.

6.

MANAGEMENT

SENIOR MANAGEMENT

Senior management, led by the Group Chief Executive Officer, report to the Board and its committees as appropriate. Set out below is an overview of our senior management team.

Dr. Adnan Chilwan

Group Chief Executive Officer

Date of Joining: June 2008

Dr. Adnan Chilwan stands as a towering figure in the Islamic Banking & Finance sector, recognized for his transformative leadership and contributions. With nearly three decades in the sector, he has significantly advanced Islamic finance globally. As Group CEO of Dubai Islamic Bank, he oversees assets exceeding USD 80 billion and a workforce of over 10,000, driving the bank's expansion and prominence in Islamic finance globally.

Renowned for integrating Islamic banking into the global finance mainstream, Dr. Chilwan is a celebrated global advocate and thought leader in the field. He has received numerous accolades, including being ranked 26th in the 'Top 100 CEOs in the Middle East' by Forbes Middle East 2023, featured as one of the region's 100 sustainability leaders of 2023 by Forbes Middle East, named among the 'Top CEOs in the Middle East' by Forbes Middle East and awarded Banker of the Year at the MEA Finance Awards 2022.

Beyond his executive role, Dr. Chilwan holds board positions at Noor Bank, Deyaar PJSC, Liquidity Management Centre, and the International Islamic Financial Market. He serves as Chairman of DIB Kenya's Board of Directors, and actively contributes to governments and educational forums globally. He holds a PhD, an MBA in Marketing, and is a Certified Islamic Banker (CeIB), underscoring his commitment to excellence in the banking and finance industry.

John Stephen Grota Macedo

Chief Financial Officer

Date of Joining: January 2016

Mr. John Macedo has over 24 years extensive experience in Finance. Prior to joining DIB, 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). Mr. Macedo 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.

Chandra Mohan Ganapathy

Group Chief Risk Officer

Date of Joining: August 2020

Mr. Chandra Mohan Ganapathy has over 33 years of experience in establishing enterprise risk management frameworks 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 worked 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.

6. MANAGEMENT

Obaid Khalifa Al-Shamsi

Chief Operating Officer

Date of Joining: January 1998

Mr. Obaid Khalifa Al-Shamsi has over 26 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 DIB, in addition to serving on various boards of its local and international subsidiaries and 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).

Volkan Pekince

Group Chief of Internal Audit

Date of Joining: November 2020

Mr. Volkan Pekince has over 25 years of international banking experience in governance, internal audit and risk management areas; acquired in large multinational organizations he worked for in Turkey, United Kingdom and Saudi Arabia (e.g. HSBC and Saudi National Bank), and various special projects, audit, risk and due diligence assurance and advisory assignments he led in more than 15 different countries. His proven ability to conduct organizational diagnostics through a systematic assurance approach, while upholding efficiency and agility, helped him in restructuring the Group Internal Audit function into a strategic player, providing the Board with an independent view over DIB's activities and its control environment. 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.

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, Abu Dhabi Commercial Bank and HBL. Additionally, he has worked as a banking 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. He is Certified Board Director from the Institute of Directors (IoD) London.

Syed Naveed Ali

Chief of Corporate

Date of Joining: June 2003

Mr. Syed Naveed Ali is a seasoned corporate and investment banking professional with over 31 years of Corporate Finance with key focus on corporate relationship management and business development having worked with international and local financial Institutions. In his role as the Chief of Corporate, Mr. Ali is responsible for leading a strong team of Corporate Bankers and formulating and executing business strategies, driving business performance and deepening client relationships. Over the years, Mr. Ali has developed a strong expertise in client relationship management, business development, corporate finance and credit & risk management. Prior to joining DIB, Mr. Ali has worked within the Corporate & Investment Banking space with Bank of America and Mashreq Bank. Mr. Ali holds a Bachelor of Science from Karachi University, Pakistan.

6. MANAGEMENT

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 at Citi, International Bank of Qatar, Abu Dhabi Islamic Bank and Noor Bank in 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.

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 has also been responsible for executing the Bank's digital strategy 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. Prior to joining DIB, he was General Manager - Retail and Private Banking at National Bank of Oman. He was previously Head of Retail Banking (International) at National Bank of Kuwait. Mr. Malhotra has also worked with Citibank, ANZ Grindlays and Arab Bank in multiple geographies in Asia, Middle East, Levant & North Africa. 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.

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.

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 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 DIB and is also a Board Member of DIB Pakistan Limited. 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[1].

[1] Mr. Saleem has retired from the role of Chief of Treasury and Mr. Saeed Ahmad Wajdi (Emirati National) has assumed the role of Chief of Treasury as of the 2 January 2024.

6. MANAGEMENT

Musabbah Al Qaizi

Chief Digital Officer

Date of Joining: September 1999

Mr. Musabbah Al Qaizi has over 34 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 35 years of multi-functional experience with leading banks in the region. He has worked with DIB group for 18 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 Chartered Accountant, a Certified Public Accountant and an Honors Economics graduate from Delhi University 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 36 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 international business footprint, 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.

Noman Rasheed

Chief Information Officer

Date of Joining: March 2020

Mr. Noman Rasheed has over 27 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 organizations with remarkable achievements. Highly qualified with double Masters in Information Technology and Management & Strategy.

6. MANAGEMENT

Omar Hayat Rahman

Chief of Legal

Date of Joining: March 2020

Mr. Omar Rahman has over 25 years of multi-jurisdictional experience in leading international law firms, banks and corporates across the region. At DIB he heads a team of over 40 lawyers and support staff. He advises on M&A transactions, complex structured finance transactions, multi-jurisdictional litigation and arbitration, and all aspects of the legal affairs of a vibrant and busy bank. In 2023 Mr. Rahman was awarded the title "Finest General Counsel in the MENA Region in Financial Services", and has also been commended as being part of the "Legal 500 GC Powerlist for the Middle East" in 2022 and 2023. 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.

Mian Muhammad Nazir

Head of Internal Sharia Control

Date of Joining: October 2005

Mr. Mian Muhammad Nazir has over 20 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 a Master of Laws degree from University of Cambridge, UK, B.A and L.L.B (Hons) Sharia & Law (Gold Medal and Distinction) from International Islamic University Islamabad, Pakistan.

Moosa Tariq Mir Khoory

Group Head of Internal Sharia Audit

Date of Joining: October 2007

Mr. Moosa Tariq Mir Khoory has over 16 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.

Rafia Mohammad Essa Alabbar

Head of Human Resources

Date of Joining: June 2006

Mrs. Rafia Al Abbar is a human resource professional with over 20 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 certifications in the field.

6.

MANAGEMENT

Management Committees

DIB's management committees play a pivotal role within our governance framework by ensuring effective oversight, guidance and operational efficiency. These committees are tasked with specific responsibilities that align with our objectives and regulatory requirements, facilitating informed decision-making and risk management. Each committee operates in accordance with a defined terms of reference that outlines its responsibilities, composition and working procedures, thereby ensuring accountability and transparency in its activities. Each committee undertakes a self-assessment and review of its terms of reference on an annual basis to ensure the committee is effectively operating and remains fit for purpose.

Below is a list of the key management committees which are chaired by the Group Chief Executive Officer 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 team.
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.
Management Sustainability Committee	Oversees and guides the implementation of DIB's sustainability vision and strategy in relation to environmental, societal and relevant governance considerations and the supporting initiatives undertaken by DIB.
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.
Provisioning and Impairment Committee	Assists management in fulfilling their responsibilities with respect to ensuring prudent assessment and decision making in relation to any impairments and provisions to be recognised by DIB in relation to its financing, sukuk, real estate and investments (including equity, funds, subsidiaries and associates) portfolios.
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.

6.

MANAGEMENT

REMUNERATION

Our Reward policy guides the development and implementation of our reward and recognition programs, with the objective of supporting the attraction, retention and engagement of talent required to deliver our business strategy, in line with prudent risk measures and CBUAE compensation rules, principles and standards.

The following are some of the key principles adopted in our reward philosophy:

- Total rewards should be managed 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 an annual basis to ascertain the compensation and benefits trends in the market and align where required.
- Our reward philosophy focuses on total rewards. Pay structures at DIB are designed to drive the desired behaviors and expected conduct of employees.
- The performance management exercise conducted across the organisation enables the assessment of individual performance against an assigned set of key performance indicators, which is then translated to reward based on the individual's performance. Variable pay plays an important part of our pay for performance approach. Our current variable pay components include a discretionary performance bonus for eligible employees and sales incentives. Based on the nature of the job role and the reward type, employees are eligible either for a performance bonus or sales incentives.
- Sales 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 non-incentivizing unethical practices and rewarding positive conduct. The claw-back and docking mechanism in our incentive structure underscores our commitment to accountability, customer protection and risk mitigation by averting undeserved rewards.
- Annual performance bonus is designed to encourage and motivate higher performance by linking rewards to performance. It is derived from the value creation driven by DIB and individual employee's performance. With effect from 2023 a deferral plan, developed based on principles and standards of sound compensation and prudent risk management, has been incorporated into the bonus model with an objective to link the variable pay of the senior management, material risk-takers and other identified roles with the time horizon of associated risk. Deferred remuneration vests over a period of three (3) years from the award and are subject to performance adjustment, forfeiture, malus and claw back under certain events and conditions. This approach aims to induce sustained performance, align the interests of key stakeholders with DIB's overall success and long-term stability, while reinforcing a risk aligned compensation framework and fostering retention. retention.

6. MANAGEMENT

- In line with the CBUAE regulations, the annual individual bonus for senior management and material risk takers shall not exceed 100% of the fixed proportion of the individual's total compensation, unless DIB seeks to increase these levels up to either 150% - with approval by the Board or up to 200% - with approval by shareholders. Annual performance bonus is subject to ex-post risk adjustment in the form of in-year adjustments, as part of the year-end compensation process, after vesting, or after the awards have been paid out. The applicable claw back period shall be the later of three(3) years after the date of payment or the date of vesting of the relevant award. Ex-post risk adjustment may be applied on an individual or a collective basis, depending on the circumstances of the event and in a range of circumstances, including but not limited to, material restatement or downturn of financial results for the relevant period, fraud or gross negligence by an individual or group of employees, material error or failures of risk management control.
- The BNRC reviews, approves and maintains oversight on the implementation of the overall reward related policies 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 Group Chief Executive Officer and recommending it to the Board.

Total remuneration awarded for senior management in 2023 amounted to AED 84.9 million (comprised of fixed remuneration (AED 40 million), and variable remuneration (AED 44.9 million) of which AED 22.45 million is deferred).

Further details regarding our Reward policy and framework, including in relation to how we define senior management and material risk takers and our deferred remuneration policy are available in our Pillar 3 report.

7. EXTERNAL AUDITOR

7. EXTERNAL AUDITOR

OVERVIEW

DIB recognises the importance of an independent, effective external audit in providing transparent and reliable information to support stakeholder decision-making. DIB is committed to ensuring a robust framework is in place in relation to its external audit, which safeguards independence and facilitates an effective audit process.

DIB's relationship with its external auditor is governed by the external auditor's policy approved by the Board, and the controls built around oversight of the external auditor to be exercised by the BAC as set out in the policy and the BAC terms of reference. 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. In particular, the policy mandates that the selected external audit firm will be appointed for not more than one financial year by a resolution of DIB's shareholders in the annual general meeting and restricts the maximum consecutive term of the external audit firm and the partner in charge of the audit to six (6) and three (3) consecutive years respectively.

The BAC bears the responsibility for recommending, engaging with, and monitoring the effectiveness, independence and objectivity of the external auditor. As part of this mandate the BAC approves the external auditor's terms of engagement and reviews the external auditor's approach ensuring this is appropriate, taking into account DIB's scale and complexity, materiality, focus areas and material areas of risk. In 2023, the BAC discussed and reviewed with DIB's external auditor (Deloitte) DIB's financial statements for the year ended 2022, and the interim financial statements for the periods ended 31 March 2023, 30 June 2023 and 30 September 2023. The discussions included the level of clarity and completeness of the proposed disclosures and the extent of compliance with applicable legislations, Accounting Standards and other guidelines.

On an annual basis the external auditor confirms to the BAC that it is independent in accordance with the International Ethics Standards Board for Accountants ("IESBA") Code of Ethics for Professional Accountants ("IESBA Code"), together with the other ethical requirements that are relevant to its audit of DIB's consolidated financial statements in the UAE, and that it has fulfilled its other ethical responsibilities in accordance with these requirements and the IESBA Code. The external auditor also annually confirms to the BAC that it has a quality control system for monitoring compliance with independence and continuing professional education requirements. In discharging its responsibilities, the BAC also interacts with the external audit team in the year without the presence of senior management, to discuss any matters relating to the audit engagement. During this meeting in 2023, the BAC obtained the external auditor's confirmation regarding their independence, their satisfaction with the support provided by the management and the adequacy of the audit evidences that supported rendering their opinion. The BAC has also encouraged the external auditor to raise any concern as and when required to be discussed privately with BAC. In line with the regulations and the External Auditor's Policy, the BAC conducted the annual performance review considering quality of service provided, sufficiency of audit resources, audit scope, communication and interaction, and independence and objectivity. In 2023 this assessment was conducted through an evaluation form taking into account declarations from the external auditor and feedback from management.

7. EXTERNAL AUDITOR

To further safeguard the external auditor's independence and objectivity, any services to be provided by the external auditor outside that of the audit of the consolidated financial statements are subject to BAC approval.

The BAC is responsible to oversee the process of selecting and recommending the external audit firm and the proposed fees to the Board for onward recommendation to the shareholders at the annual general meeting. In discharging this responsibility, the BAC ensures that the audit firm has the appropriate capacity to manage the audit effectively and competently, with due regard for the outcomes of the annual review process and DIB's scale and complexity. The BAC, supported by the Group Chief of Internal Audit and the Chief Financial Officer, ensure that a robust tendering and evaluation process is conducted at least once every six (6) years. Proposals received shall be rigorously assessed in terms of assurance on independence and objectivity (in both fact and appearance), reputation, experience in the banking sector, knowledge and competence of resources, quality control and audit approach and methodology. To be eligible for consideration the audit firm must, amongst other requirements, be licensed and approved by the competent authorities to practice the profession in the UAE, have experience in auditing public joint-stock companies for at least five years, be compliant with the relevant international standards, and have professional indemnity insurance in the UAE.

OUR AUDITOR

DIB's shareholders appointed Deloitte & Touche (M.E) ("Deloitte") as DIB's external auditor for the 2023 financial year in the annual general meeting held on 15 March 2023. Deloitte is the world's largest leading professional services firm, providing audit and assurance, tax, consulting, financial advisory and risk advisory services to public and private clients spanning multiple industries. Deloitte have served as trusted advisors for clients for 100 years. Within the UAE, Deloitte has five practice offices with over 75 Partners and directors and over 1,000 audit professionals.

Deloitte has served as DIB's external auditor for five (5) consecutive years commencing in 2019. The audit partner at Deloitte in charge of the external audit for 2023 was Mrs. Julie Kassab who has served in this role since 2022.

The external auditor's report did not provide any qualified opinion regarding the interim or annual financial statements for the year 2023.

The BAC has recommended to the Board that the current external auditor be put forth to the shareholders for appointment as the external auditor for 2024. The Board has endorsed this recommendation without reservation, and thus it will be raised to the shareholders for their approval in the 2024 AGM. The BAC has taken many factors into consideration prior to issuing this recommendation and they include the results of the evaluation form, the discussion on Deloitte's management letter which includes the recommended control improvement after discussion with DIB's management, and management's feedback on the external auditor's interactions with DIB.

STATEMENT OF FEES

The aggregate fees paid to DIB's external auditor for professional services rendered in, or provided for, 2023 as applicable, were:

Audit fees	AED 1,675,000
Fee for long form audit reports	AED 750,000
Other regulatory reporting fees	AED 352,900
Details and nature of other regulatory reporting fees	• Comfort letter for issuance of sukuk • Report of unclaimed dividends prior to 1 March 2015 (SCA requirement) • Review of pillar-3 disclosure (CBUAE requirement)

8.

INTERNAL CONTROL SYSTEM

8. INTERNAL CONTROL SYSTEM

OVERVIEW

The Board acknowledges its responsibility for the application, review and efficiency of DIB'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 DIB.

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 organisation 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.

Our internal control system is designed to ensure integrity and compliance with due regard for applicable regulations including, but not limited to, CBUAE's regulations relating to 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 our 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 our 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 independent assurance functions. Our 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 Group Internal Audit Charter. DIB's Group Internal Sharia Audit independently conducts Sharia audits to ensure that DIB's activities and transactions are Sharia compliant.

8. INTERNAL CONTROL SYSTEM

We adopt a risk-based approach to our control and assurance activities, ensuring appropriate monitoring and, where relevant, mitigation measures are implemented in accordance with the level of risk to which we are exposed. This enables control and assurance activities to be strategically and operationally aligned with the risks facing DIB.

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.

Our 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 our 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.

Our governance and controls are supported by strategic and operational policies, 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 the organisation; and
(iv) contingency planning and stress testing.

There are a number of control activities performed by DIB such as:

(i) appropriate checks and balances (including segregation of duties);
(ii) safeguarding access to, and use of, records and DIB'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 in 2023.

8.

INTERNAL CONTROL SYSTEM

RISK MANAGEMENT

The Board is ultimately responsible for ensuring that a comprehensive, appropriate and effective risk management framework is implemented within DIB. 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 risk appetite statement (aligned with the strategy), the comprehensive 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 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 organisation;
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.

We continued to enhance and strengthen our risk management through various initiatives which are detailed in ***section 2*** of the report above.

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.

8.

INTERNAL CONTROL SYSTEM

COMPLIANCE

DIB is regulated by the CBUAE and is therefore required to comply with CBUAE regulations, circulars and notices. In addition, we are 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, , the Federal UAE Law No. 50 of 2022 (the Commercial Transactions Law) applicable rules and standards established by the Securities and Commodity Authority (SCA) and the Bank's Articles of Association. DIB also complies with all the principal international sanctions regimes. We are 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 group compliance function that reviews new or revised laws endorsed by the CBUAE and SCA, regulations and sanctions and assesses their impact on DIB, 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. Our 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 our policies that pertain to, amongst others, customer due diligence, anti-money laundering, combating terrorist financing, trade-based money laundering, proliferation financing and, sanctions;
- detection and reporting of any suspicious transactions and true/potential name match against select sanctions lists;
- central contact for regulatory communications; and
- implementing and maintaining mechanisms that sustain a culture of compliance throughout DIB.

We continued to enhance and strengthen our compliance framework through various initiatives including but not limited to:

- updating related policies and processes to strengthen governance and controls including conduct risk;
- on-going tuning to enhance systems efficiency and effectiveness;
- alignment of customer risk rating methodology in line with international best practices;
- strengthened the methodology for Enterprise Wide Risk Assessment;
- continuous engagement with senior management on key compliance related initiatives;
- enhancing oversight on subsidiaries; and
- continued focus on staff training and awareness across DIB.

The 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.

8.

INTERNAL CONTROL SYSTEM

SHARIA CONTROL

Our Internal Sharia Control Department ("ISCD") represents an integral part of our 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 compliance with Islamic Sharia and to advise and assist 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.

We continued to enhance and strengthen our Sharia Governance Framework through various initiatives including but not limited to:

- implementing our Sharia Governance Framework in accordance with the requirements of the CBUAE;
- enhancing Sharia control functions of subsidiaries and affiliates (to the extent required);
- 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 of DIB;
- 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 organisations for Islamic financial institutions.

The ISCD is led by the Head of the ISCD who reports to the Board.

8.

INTERNAL CONTROL SYSTEM

INTERNAL AUDIT

Our Group Internal Audit function ("GIA") provides independent, objective and reasonable assurance aiming to add value and improve the organization's operations. It helps DIB accomplish its objectives by bringing a systematic approach to evaluate and improve the effectiveness of risk management, control and governance processes. GIA's mission is to enhance and protect the organisational value by providing risk-based and objective assurance, advice and insight.

To ensure independence, employees within 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.

GIA aims to continuously comply with the Institute of Internal Auditors international standards for professional practice framework of internal audit (including the IIA's code of ethics).

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. GIA is also involved in mandatory reviews and validations required by

the regulators and 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 GIA and status updates are reported regularly to the GCEO and BAC.

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.

GIA is led by the Group Chief of Internal Audit ("GCIA") who reports functionally to the BAC, while maintaining close coordination with senior management and business functions.

8.

INTERNAL CONTROL SYSTEM

INTERNAL SHARIA AUDIT

In addition to GIA, our independent Group Internal Sharia Audit Department ("GISAD") forms an integral part of our internal control system (as part of the third line of defense) and Sharia Governance Framework. The role of GISAD is to provide independent assurance in respect of DIB's compliance with Sharia carrying out its responsibilities in line with our Sharia Governance Framework. GISAD also provides assurance to the adequacy, efficiency and effectiveness of our Sharia governance, Sharia non-compliance risk management and internal Sharia control processes. To achieve independence, employees within GISAD are organisationally independent of all other functions in DIB. To maintain this independence in the discharge of their responsibilities, GISAD employees are not assigned any business/operational activities of DIB. GISAD closely coordinates with 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 action plans, 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 GISAD. 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 GISAD met with the BAC twice during 2023.

We 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 and Internal Audit Standards;
- enhancing exposure of staff to internal audit best practices and IIA standards and guidelines;
- GISA and GIA exchanging reports and findings;
- 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.

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, 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 2023 annual reports and accounts.

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, and including information security.

9. GENERAL INFORMATION

9.

GENERAL INFORMATION

STATEMENT OF CONTRIBUTIONS MADE DURING 2023 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, we not only believe in financially empowering our customers but also positively impacting the community. We periodically disburse funds from our 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. A dedicated committee operates 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 2023 Sustainability Report for more information.

RELATED PARTY TRANSACTIONS

The Board has approved a Related Party Transactions policy which governs transactions with related parties and mandates that all related party transactions must be undertaken on an arms-length basis on normal commercial terms. Related parties are obligated to disclose their related party interests in any transactions with DIB so that relevant review and approval conditions can be met, which include that any transactions outside the normal course of business be subject to the approval of the Board and where the transaction relates to a member of the Board, that unanimous approval from the Board is required.

Please refer to note 43 of our 2023 financial statements for more information.

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 the Personal Trading Policy, which is overseen by the Group 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.

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GENERAL INFORMATION

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. The IR function reports to the Chief Financial Officer and 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 2023, DIB IR organised webcasts, published presentations, and press releases to investors, analysts, and the media. In addition, DIB IR also participated in several domestic and international investor roadshows to provide investors with a unique investment story on the growth opportunity of DIB as well as the UAE. 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.

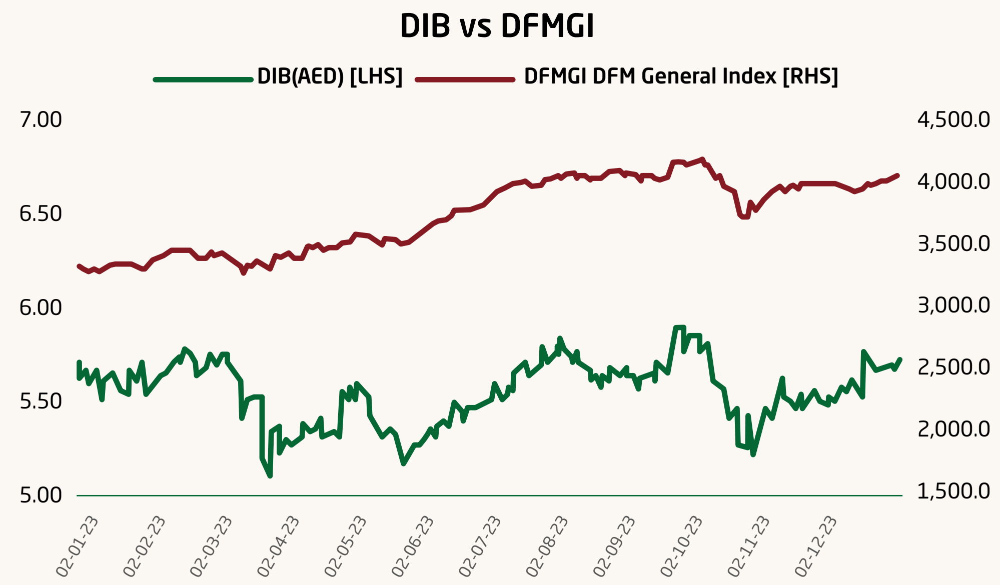
The IR section of DIB's website (dib.ae/about-us/investor-relations) provides useful information including the following:

- 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.

DIB'S SHARE PRICE AND PERFORMANCE

The graph below represents DIB's comparative performance with the general market index during 2023:



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GENERAL INFORMATION

The table below sets out DIB's share price in the market (closing price, highest price, and lowest price) for each month in 2023:

MONTH	MONTHLY CLOSE	MONTHLY LOW	MONTHLY HIGH
30-Dec-2023	5.72	5.500	5.760
30-Nov-2023	5.52	5.360	5.600
31-Oct-2023	5.40	5.200	5.890
30-Sep-2023	5.85	5.560	5.940
31-Aug-2023	5.64	5.580	5.830
29-Jul-2023	5.75	5.440	5.820
30-Jun-2023	5.47	5.230	5.520
31-May-2023	5.26	5.150	5.690
29-Apr-2023	5.56	5.230	5.560
31-Mar-2023	5.23	5.100	5.790
28-Feb-2023	5.74	5.550	5.790
31-Jan-2023	5.55	5.400	5.760

SHAREHOLDER OWNERSHIP STRUCTURE

The table below sets out the distribution of shareholder ownership as on 31 December 2023:

SHAREHOLDER CATEGORY	PERCENTAGE OF SHARES HELD			
	INDIVIDUALS	COMPANIES	GOVERNMENT	TOTAL
Local	40.7%	13.4%	29.0%	83.1%
Arab	2.5%	2.3%	-	4.8%
Foreign	0.7%	10.9%	0.4%	12.1%
Total	43.9%	26.7%	29.4%	100.0%

The table below sets out the details of shareholders who own more than 5% of DIB's capital as at 31 December 2023:

NO.	MAJOR SHAREHOLDER	NUMBER OF SHARES HELD	OWNERSHIP %
1	Investment Corporation of Dubai	2,024,955,636	27.97%

The table below sets out how DIB's shareholders are distributed according to the size of the ownership as at 31 December 2023:

NO.	SHARE OWNERSHIP	NUMBER OF SHAREHOLDERS	NUMBER OF OWNED SHARES	OWNERSHIP %
1	Less than 50,000	16,760	167,428,620	2%
2	From 50,000 to less than 500,000	3,528	550,468,272	8%
3	From 500,000 to less than 5,000,000	901	1,389,385,669	19%
4	5,000,000 and more	156	5,113,461,816	71%

ANNUAL GENERAL MEETING

Our annual general meeting allows shareholders to attend (in person or through proxy) and participate in a hybrid meeting format. In 2023 shareholders were able to fully exercise all their rights to attend and participate in meetings in real time.

DIB held the following general meetings during 2023:

MEETING	DATE	FORMAT	SPECIAL RESOLUTIONS	ATTENDANCE
Annual General Meeting	15-March -2023	Hybrid	Authority for the Board to issue Non-Convertible Sukuk up to USD 7.5 billion	68.45%

The Annual General Meeting in respect of the financial year ended 2023 will be held in February 2024.

Results and resolutions of general meetings are published on DIB's website and are shared with the DFM and DIB's regulators.

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GENERAL INFORMATION

IMPORTANT EVENTS AND DISCLOSURES

January

- DIB announced its financial results for the financial year which ended on 31 December 2022, where a group net profit of AED 5.6 billion was recorded.

February

- DIB successfully priced its second Sustainable Sukuk - a landmark USD 1 billion 5.5-year senior issue with a profit rate of 4.80% per annum representing a spread of 102.4bps over 5-Year US Treasuries. The Sukuk was issued in line with DIB's Sustainable Finance Framework.

April

- DIB announced its financial results for the 3-month period ended 31 March 2023, where a total group net profit of AED 1.5 billion was recorded.

July

- DIB announced its financial results for the 6-month period ended 30 June 2023, where a total group net profit of AED 3.1 billion was recorded.

September

- DIB announced that, subject to the clearance from the Turkish Competition Authority, it would be entering the Turkish digital banking and financial technology sector through the acquisition of a significant minority stake (20% with the option to increase the shareholding to 25% within 12 months) in the T.O.M. Group of Companies, which includes T.O.M. Katılım Bankası A.S. (Türkiye's First Licensed Digital Retail Bank), T.O.M. Pay Elektronik Para ve Ödeme Hizmetleri A.S. (Licensed e-money company with a fast-growing customer base in Türkiye), and T.O.M. Finansman A.S. (Licensed financing company specialized in developing innovative digital products) and their subsidiaries.
- DIB announced its "One Tree for Everyone" initiative, whereby partnering with two leading NGOs in this domain, Emirates Environmental Group and The Storey Group, DIB committed to planting one tree (on land or in a mangrove forest) for every new customer who opens a DIB account. As part of the initiative, customers receive specific information on the trees dedicated to them.

October

- DIB announced its financial results for the 9-month period ended 30 September 2023, where a total group net profit of AED 4.8 billion was recorded.
- DIB released, through the DFM, further details on its investment into the T.O.M. Group of Companies.

Further details on DIB's announcements to the Dubai Financial Market (DFM) during the year 2023 are available on the DFM website at dfm.ae and press releases issued in the period are available our dedicated IR website at dib.ae/about-us/investor-relations or on the DFM website at www.dfm.ae

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GENERAL INFORMATION

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.

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 • 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 PJSC[1]	• 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

9. GENERAL INFORMATION

NAME	MEMBERSHIP/ POSITIONS IN UAE JOINT STOCK COMPANIES	OTHER MATERIAL REGULATORY, GOVERNMENT OR COMMERCIAL POSITIONS
Mr. Hamad Abdulla Rashed Obaid Al Shamsi	• Chairman, Amanat Holding PJSC	
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
Dr. Hamad Mubarak Buamim	• Chairman, National General Insurance PJSC • Director, Istithmar World PJSC • Vice Chairman, Noor Bank PJSC[1] • Vice Chairman, Deyaar Development PJSC	• Chairman, Dubai Multi Commodities Centre • Director, Economic Zones World Dubai • Director, UAE Banks Federation • Honorary Chairman, World Chambers Federation -ICC Paris • Member, Judicial Committee on Disputes Related to Saeed Juma AL Nabooda(Gov related)
Mr. Javier Marin Romano		• CEO of Singular Bank (Spain) • Board Member, Frontier Economic • Member Board of Superintendence, IOR Religion Works Institute, The Vatican • Member of Patronage, Valencia Catholic University
Mr. Bader Saeed Abdulla Hareb Almheiri		• Manger, Skyline Investment LLC, UAE
Dr. Cigdem Kogar		• Chair of the Executive Board, IZGI Global Danismanlik A.S., Turkiye

[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 2023

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ABOUT DIB

ABOUT THIS REPORT

(GRI 2-2, GRI 2-3, GRI 2-5)

Purpose

This report intends to provide an overview of Dubai Islamic Bank's ("DIB") progress in environmental, social, and governance (ESG) practices. Covering our activities in 2023 and, where relevant, comparing them with those in 2022 and 2021. The report details the ambition, approach, successes and areas of improvement in our sustainability journey.

Scope

This report relates to DIB's operations within the United Arab Emirates, unless otherwise indicated. The use of the name "DIB" or "the Bank" in this report, refers to our UAE operations. "DIB Group" or "the Group" refers to our entire global network, including all subsidiaries. The data provided, unless otherwise stated, is current as of December 31, 2023.

Standards

This report is prepared in reference to the Global Reporting Initiative (GRI) Standards. The report additionally refers to the United Nations Sustainable Development Goals (SDGs) as well as relevant aspects of the SASB Commercial Banking, Consumer Finance and Mortgage Finance requirements.

Assurance

DIB has appointed an external assurance provider to conduct a limited-scope assurance on this report. The provider has assessed critical sustainability Key Performance Indicators. This step underscores our commitment to not just report our progress but also to validate it through expert and objective evaluation.

Contact point

For further inquiries or detailed discussions about our sustainability practices and this report, we encourage stakeholders to reach out. We are committed to an open dialogue and welcome your questions and feedback. Please feel free to contact our sustainability team for any additional information or clarification.

Sustainability-related Inquiries: DIB.Sustainability@dib.ae
General Inquiries: Contactus@dib.ae

Chairman's Message (GRI 2-22)

His Excellency Mohammed Ibrahim Al Shaibani

Director General of His Highness The Ruler's Court of Dubai and Chairman of Dubai Islamic Bank

The global landscape is in a constant state of flux, and amid these changes, the UAE stands firm in its commitment to progress and sustainable development. As the world leans into a greener future, our nation's dedication to this cause becomes ever more evident, especially with our successful hosting of the COP28 Climate Change Conference.

Sustainability is the cornerstone of our evolution, shaping decisions not only within our institution but across the entire nation. This commitment extends beyond mere words, evident in our continued alignment with the United Nations Sustainable Development Goals (UN SDGs).

The Board, proactively navigating the changing expectations of stakeholders and regulators, plays an instrumental role in guiding our sustainable journey. By integrating sustainability into board decisions and establishing a specialised sub-committee, we ensure that our direction remains steadfast and purposeful.

I am pleased to highlight our milestones in the DIB 2023 Sustainability Report. This document sheds light on our aspirations to lead in sustainable finance both regionally and globally. The emphasis is on tangible actions rather than lofty declarations, a testament to our focus on actualising the commitments we make.

In hosting the COP28 Climate Change Conference, the UAE demonstrated its commitment to a brighter future. Taking these commitments to heart, we as a bank indicated our resolve to ensure that they are fulfilled. By collaborating with stakeholders, businesses, and international communities, we promote positive activities through our proactive approach to sustainability.

The year 2023 was remarkable for us, marked by the significant expansion of our sustainable portfolio and the successful issuance of another Sustainable Sukuk (USD 1 billion) in February. These achievements reflect our steadfast commitment to ethical financing and our seamless alignment with the strategic vision of the UAE.

Looking ahead, our strategy is clear: innovation, agility, and alignment with stakeholder objectives. As we navigate the complexities of today's global ecosystem, DIB's mission remains consistent - to collaborate with partners and clients, advancing our shared goals in the sustainability arena.

In closing, our sustainability journey stands as a testament to our unwavering commitment towards creating a more equitable and eco-conscious future for the generations to follow. With each step, we aim to effect meaningful change, benefitting not just our community and nation but the world at large.

Group CEO Message (GRI 2-22)

Dr. Adnan Chilwan

In an era of transformation and change, the UAE has not only observed but demonstrated its commitment to serve as a catalyst for a global green transformation. By hosting the iconic COP28 event in 2023, the UAE brought the international community together to build bridges and fast-track inclusive climate action. DIB's presence at COP28 as Associate Pathway Partner, facilitated robust interactions with a diverse audience that included leaders from the corporate realm, youth associations and Government entities to name a few.

Our forward-thinking sustainability strategy is the roadmap that will guide us in realising our aspirations of leading the sustainable financial landscape. Through our first strategy pillar, appropriately titled: "Lead by Example," we have championed diversity, inclusion, and employee well-being. Additionally, the second prong of our strategy, titled: "Financing a Sustainable Future" extends beyond just endorsements - at DIB, we are actively shaping the future landscape of ethical business.

A standout highlight of this year was our second Sustainable Sukuk - a remarkable USD 1 billion 5.5-year senior issuance. This was not just a financial move; it was a statement. Achieving the largest issuance by a Middle East financial institution since June 2021 and the largest-ever sustainable issuance by a Middle East financial institution is testament to DIB's leadership in both Islamic and sustainable finance.

Our tree-planting initiative is another source of pride. By pledging to plant a tree for every new DIB account, we are not just taking a step towards climate action. We are making each customer a partner in our environmental journey, collaborating with esteemed NGOs, and ensuring a tangible impact with land trees and mangrove forests alike.

Addressing these challenges, we have refocused our strategies and broadened our scope, welcoming new market voices and participants. The integration of our recently appointed Chief Sustainability Officer and team expansion further down the year has fortified our resolve, adding depth to our sustainability efforts.

Our synergies with the UAE Central Bank in sculpting the Islamic sustainable finance framework have solidified our position at the forefront of sustainable innovation. In collaboration with other leading banks in the UAE, DIB has reiterated its commitment to support the UAE's vision of sustainability by pledging to mobilise over AED 1 trillion in sustainable finance by the year 2030. Through this ambitious initiative, we are forging a path towards a sustainable and resilient future for the UAE, ensuring our contributions transcend monetary value to leave a lasting impact on our environment and communities.

To conclude, our trajectory at DIB is crystal clear: We are not merely chasing growth; we are pioneering purpose-driven expansion. We are crafting a sustainable path, for DIB, for the UAE, and for the global Islamic banking and finance sphere.

HISTORY AND JOURNEY

(GRI 2-2, GRI 2-3)

As the largest and first full-service Islamic bank in the world, Dubai Islamic Bank offers an ever-increasing range of innovative Sharia-compliant products and services to retail, corporate and institutional clients. Our primary objective is to maintain our position as the leading Islamic financial institution in the Middle East region as well as in other selected strategic markets.

Since its inception, DIB has taken significant strides in the world of Islamic banking. Today, with 48 years of operation, DIB continues to lead, advocating for Islamic Finance as a viable and often preferred alternative to conventional banking. With a strong customer base exceeding 5 million across the DIB Group, we provide a broad spectrum of Sharia-compliant products and services, including new sustainable finance options, catering to diverse segments in multiple regions.

DIB is committed to pioneering financial excellence with an unwavering commitment to sustainability. Forging a legacy of impactful innovation, DIB endeavors to be the leading financial institution in the Middle East that empowers individuals and transforms communities.

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. DIB's ownership structure is a blend of institutional and public shareholders. Specifically, 27.97% is owned by the Investment Corporation of Dubai, the primary investment division of the Government of Dubai. The remainder of the shares is open to public ownership.

ABOUT DIB

(GRI 2-1)

Our Activities

(GRI 2-6)

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, Cards, Personal Finance, Home Finance, Wealth Management Solutions, Wakala Deposits and SME Solutions.

REAL ESTATE & CONTRACTING FINANCE

The Group plays a significant role in supporting corporate real estate developments, including the construction of commercial property and residential estates. Standard Islamic financing products being offered include: Istisna financing, Murabaha acquisition finance, Diminishing Musharaka, and Ijara Lease financing.

CORPORATE BANKING

Our Corporate Banking division has sector-specific focus units that 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. It is instrumental in leveraging its client relationships to cross-sell other products offered by DIB, including investment banking and treasury services.

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.

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 has a diversified product suite with a focus on sukuk structuring, execution and syndicated and club financing transactions including advisory.

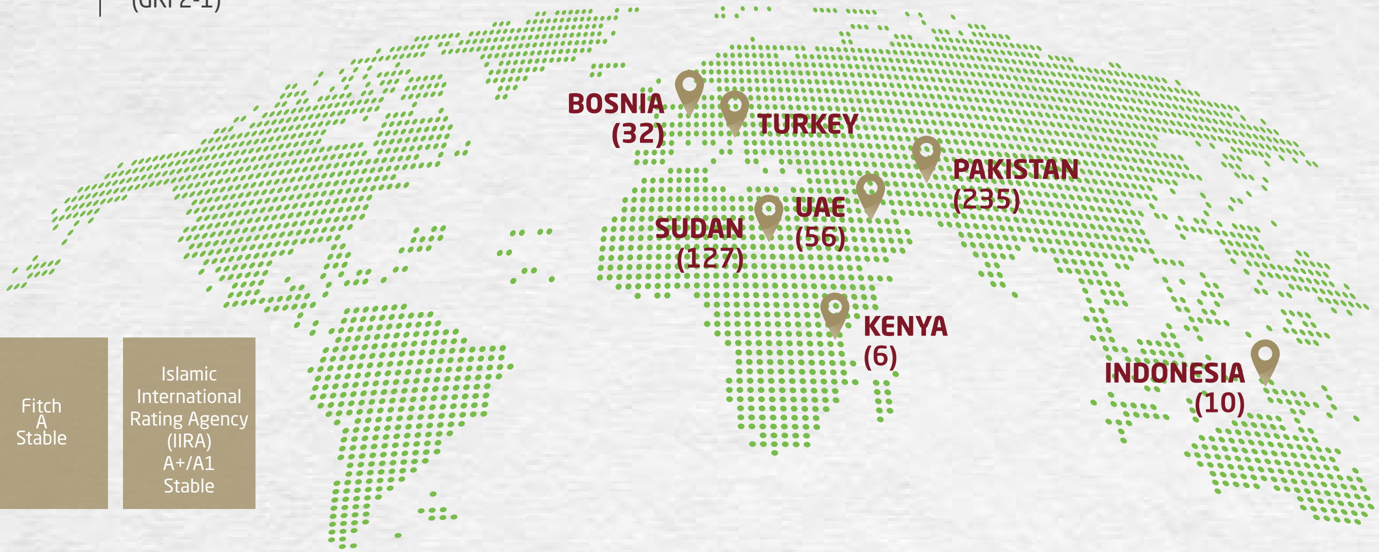
ABOUT DIB

(GRI 2-1)

Our Geography

(GRI 2-1)

International Geographic Presence & Branches



ATMs 700+

BRANCHES 450+

CUSTOMERS 5M+

EMPLOYEES 9K+

Credit Ratings

Moody's	Fitch	Islamic International Rating Agency (IIRA)
A3	A	A+/A1
Stable	Stable	Stable

International holdings and expansions

2001: Acquired a 27.3% stake in Bosna Bank, Europe's first Sharia-compliant bank.
2005: Obtained a 60% stake in the Bank of Khartoum (BoK) in Sudan, which has since been adjusted to 29.5%.
2005: Established a representative office in Turkey.
2006: Launched DIB Pakistan, the bank's wholly-owned subsidiary providing Islamic banking services in Pakistan.
2014: Expanded into Indonesia, acquiring an initial 24.9% stake in PT Bank Panin Dubai Syariah, which increased to 38.3% in 2015 and is currently at 25.1%.
2017: Established DIB Bank Kenya, a wholly-owned subsidiary, marking the bank's entry into Africa.
2023: Announcement to acquire significant minority stake into T.O.M. Group.

Our values

The values of an organisation define not just the ethos of the company, but set the tone for what shareholders, customers and societal stakeholders can expect from an organisation. DIB's 5 key values - ICARE, are aimed at serving customers globally with the same business conduct and ethics.

Inclusive - Accessible to all, and most importantly, without bias.
Collaborative - Connected together as a team to deliver banking with ease.
Agile - Deliver faster solutions and provide happy experiences.
Responsible - Fair, transparent and accountable in making responsible decisions.
Engaged - Passionate and committed to delivering fulfilling journeys.

ABOUT DIB

(GRI 2-1)

Membership of Association

(GRI 2-28)

ABOUT DIB

(GRI 2-1)

Spotlight on Awards & Achievements

Euromoney Awards for Excellence 2023

- Best Islamic Bank in the UAE
- Best Islamic Bank in the Middle East

16th Annual Best Deal & Solution Awards

Best Sovereign Bond & Best Green Sukuk of the year 2022

MEA Finance Banking Technology Awards 2023

- Best Corporate Payments Service
- Best Analytics System (Dubai Islamic Bank and GBM)
- Best Innovation in User Experience

Islamic Finance News Awards

- Most Innovative Islamic Bank
- Best Overall Islamic Bank in UAE
- Best Corporate Bank in UAE
- Best Overall Islamic Bank in Kenya
- Best Investment Bank in Kenya
- Best Corporate Bank in Kenya
- Most Innovative Bank in Kenya
- Syndicated Deal of the Year
- Turkey Deal of the Year
- Corporate Finance Deal of the Year
- Pakistan Deal of the Year
- Best Overall Islamic Bank

FINANCIAL HIGHLIGHTS (GRI 201-1)

9.0% YOY
TOTAL ASSETS AED 314 BN

12% YOY
NET FINANCING & SUKUK AED 268 BN

12% YOY
CUSTOMER DEPOSITS AED 222 BN

300bps YOY
ROTE 20%

43% YOY
TOTAL INCOME AED 20 BN

26% YOY
NET PROFITS AED 7 BN

30bps YOY
ROA 2.3%

110bps YOY
NON-PERFORMING FINANCE 5.4%

OUR APPROACH
THE CONTEXT OF ISLAMIC BANKING

At DIB, our philosophy is deeply rooted in the traditions of Islamic finance. This tradition is one that firmly puts us in line with the global push for sustainability. Islamic finance is not just a system; it's a belief in conducting business that benefits all. It prohibits practices such as usury (interest) and investment in unethical sectors like alcohol, gambling, and weapons.

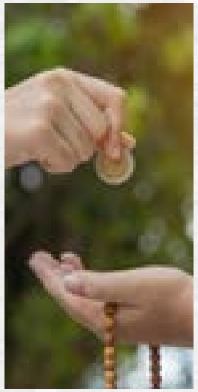
This ethical foundation naturally resonates with the concept of ESG principles that promote responsible business conduct.

Risk Sharing, Not Risk Transferring

One of the tenets of Islamic finance is the idea of risk sharing. Financial transactions are based on tangible assets, emphasising real economic activity over speculative gains. This promotes financial stability and discourages reckless financial behaviors, aligning with sustainability's aim for long-term holistic well-being over short-term profits.

Steward-ship of the Earth

Islamic teachings emphasise the concept of intergenerational equity, one of the principles of sustainable development which states that current generations are the custodians of the earth and its resources for future generations. Environmental consciousness isn't a new trend in this system—it's a mandate that has been echoed at various international conventions. Avoiding harm (or "Darar") is a fundamental principle in Islamic finance, pushing for environmentally friendly practices and investments that do not harm the Earth or its inhabitants.



Emphasis on Social Justice

Zakat (charity) and the focus on economic equity in Islamic finance ensure wealth circulation in society, preventing its undue accumulation by a few. Such principles mirror the 'Social' in ESG, advocating for financial inclusion, community development, and the upliftment of the disadvantaged.

Transparency and Account-ability

Gharar (excessive uncertainty) is prohibited in Islamic finance. All terms and conditions of a transaction must be clear, promoting transparency and discouraging hidden clauses and deceitful practices. In a world where stakeholders demand clear reporting and high accountability, Islamic finance was ahead of its time.

Our commitment to finance goes beyond traditional adherence; it reflects our understanding that these principles seamlessly align, with modern sustainability imperatives. As the world moves towards a future DIB stands at the intersection by harnessing the strengths of both worlds and forging a path that combines wisdom from the past with the needs of the future.

OUR JOURNEY AND ASPIRATIONS

1975 Established as the world's first full-service Islamic bank

1987 Introduced ATMs

1994 Introduced Phone Banking

2002 Introduced Internet Banking

2012 Launched the Emirati Mentoring Program

2015 Introduced Mobile Banking

2021 Published our first GRI Sustainability Report

Jul 2022 Published our Sustainable Finance Framework

Nov 2022 Successfully priced our inaugural Sustainable Sukuk at USD 750 Mn

Feb 2023 2022 Sustainability Report

Feb 2023 Successfully priced our second Sustainable Sukuk at USD 1Bn

Sep 2023 Established a sustainability department and appointed a CSO

Jan 2024 Inaugural Sustainable Finance Report

Q1 2024 Published the 2023 Sustainability Report

Q2 2024 Complete baselining and set phased out targets

Q3 2024 Undertake initiatives to improve ESG performance

Q4 2024 Implement enhanced programmes across priority areas

2025 Enhance disclosures by increasing reporting boundaries and scope

2026 Go beyond peer efforts and targets to assert market leadership

2027-2030 Lead by example in our own operations and propel sustainable finance in line with our strategy

2030 Own the ESG space

2050 Be the sustainable bank of the future

Our Past

Through its establishment as an Islamic finance institution, DIB has been on its sustainability journey since its inception in 1975 with key milestones along the way that now fall under the paradigm of sustainability. We highlight above some of these early successes which expanded our footprint in the UAE to communities in other emirates, the introduction of the prevailing technology solutions at the time to enhance accessibility, as well as our pioneering role in the UAE's Emiratisation journey.

Our Present

Our more recent history demonstrates a rapidly growing commitment to sustainability. On our journey we have collaborated and engaged with key institutions including the UAE Banks Federation (UBF), Emirates Institute for Banking and Financial Studies (EIBFS), Dubai Sustainable Finance Working Group (DSFWG) and the Dubai Financial Market (DFM). We have finalised our ESG Strategy 2030 and appointed a dedicated team to achieve its objectives.

Our Future

We have defined our future aspirations in our 2030 ESG vision in a way that sets us on the trajectory to achieve our long-term ambition of being the benchmark for a Sustainable Bank of Future . We aim to:

- Embed ESG at the heart and core of our business strategy
- Outperform our peers in the ESG space
- Become a role model for sustainable finance in the region
- Shape and influence the ESG policy agenda in the markets we operate in.

WHY SUSTAINABILITY MATTERS TO US & STAKEHOLDER ENGAGEMENT

(GRI 2-29)

Why Sustainability Matters to Us

Gain a Competitive Advantage
Embedding sustainability across our business will help us align our sustainability practices with best-in-class standards and industry benchmarks, placing us one step ahead of anticipated government legislation and position us as a market leader in sustainable finance.

Harness new growth opportunities
Embedding sustainability considerations across our catalogue offering and launching new sustainability linked products would allow us to tap into the growing market for sustainable banking products.

Strengthen stakeholder relations
Integrating sustainability at the heart and core of business decision-making would require us to engage our stakeholders on a regular basis to gain a better understanding of their needs and expectations. Reporting on our ESG performance and communicating our key strategic decisions will contribute to the trust of our stakeholders.

Enhance business resilience
Integrating sustainability risks into our risk governance appetite and policy framework would help us improve the overall risk profile and long-term profitability of our portfolio and business.

Achieve operational efficiencies
By setting tangible targets for reduction in energy and resource consumption as well as increasing employee productivity and retention; ingraining sustainability can help drive significant operational efficiencies.

Stakeholder Engagement: At DIB, we value the collective wisdom of our stakeholders. It is their expectations and insights that help shape our approach to sustainability, driving us forward and guiding our actions.
Here's a glance into how our engagements have informed our strategies.

Voices of Policy Makers and Regulators:
National and global entities have been steering the conversation towards a sustainable future. Our engagements with the likes of the UAE Ministry of Climate Change and Environment and international bodies like the Global Reporting Initiative underscore the criticality of aligning with the net-zero agenda. Their emphasis on transparency and proactive climate risk management serves as a beacon for our operational directives.

Insights from Investors:
Our shareholders, spearheaded by the Investment Corporation of Dubai, along with feedback from rating agencies like Fitch and Moody's, champion the cause for robust ESG reporting and transparency. Their call for increasing diversity, especially gender diversity, resonates with our commitment to championing inclusive growth. Their trust is our bedrock, and we're constantly refining our practices to maintain and grow this trust.

Learning from Peers:
The financial sector is a collective, and together we innovate. Our continuous dialogues with peers not only help benchmark our efforts but also identify shared challenges and opportunities. The universal emphasis on financial inclusion and employee well-being aligns seamlessly with our vision and values.

Commitment to Society:
The heartbeat of DIB lies in its community. We've heard your calls for a more inclusive banking system, and we're responding. Our emphasis on financial literacy programs, championing community-centric initiatives, and our focus on the broader societal impact of our services is our pledge to you.

How we are ensuring that our actions resonate with stakeholder priorities

Regulatory Alignment:
Guided by local and global directives, we're ensuring our operations meet and exceed upcoming regulations.

Investor Trust:
By enhancing our ESG framework and bolstering diversity, we aim to meet the exacting standards of our investors.

Collaborating with Peers:
By sharing and learning best practices, we seek to uplift the sector's collective sustainability quotient.

Empowering Communities:
Our outreach, tailored services, and commitment to financial inclusion ensure we're an active participant in societal progress.

MATERIALITY

(GRI 3-1 , GRI 3-2)

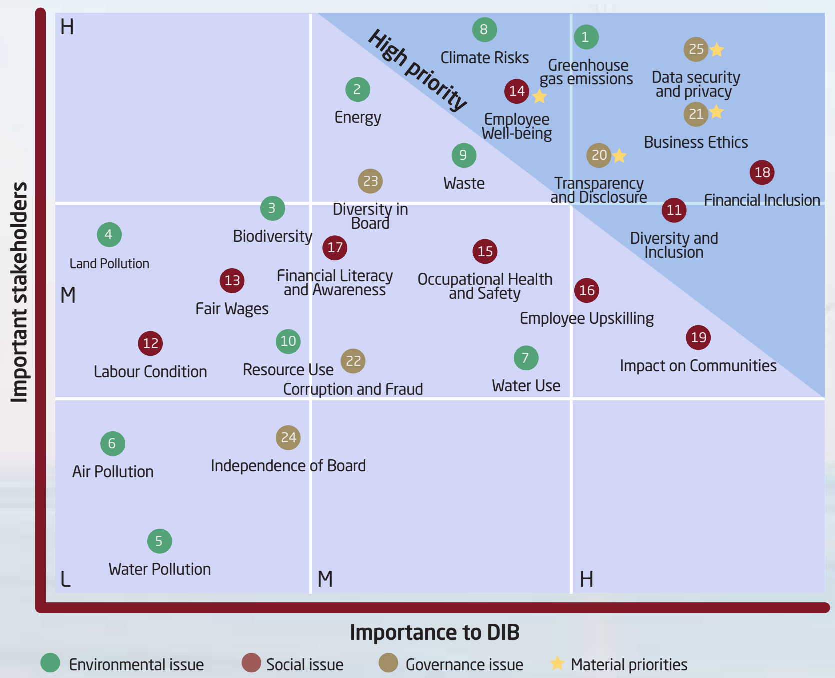
Our materiality matrix remains unchanged from the 2022 report.

Our focus in 2023 was on developing and assigning appropriate initiatives and activities to mitigate the risk stemming from each of these material issues.

Our material issues have guided the development of our strategy and continue to act as a beacon for our path forward.

We are committed to periodic reviews of our materiality to ensure that we are synchronized with both our internal and external stakeholders.

Materiality Matrix



Key Material Issues

1. Greenhouse gas emissions
2. Energy
3. Biodiversity
4. Land Pollution
5. Water Pollution
6. Air Pollution
7. Water Use
8. Climate Risks
9. Waste
10. Resource Use
11. Diversity and Inclusion (Inc. Emiratisation)
12. Labour Condition
13. Fair Wages
14. Employee Well-being
15. Occupational Health and Safety
16. Employee Upskilling
17. Financial Literacy and Awareness
18. Financial Inclusion
19. Impact on Communities
20. Transparency and Disclosure
21. Business Ethics
22. Corruption and Fraud
23. Diversity in Board
24. Independence of Board
25. Data security and privacy

This exercise identified the following 8 key material topics. We detail their importance and how we plan to address them below:

Key material issues	What we have identified	Addressing these concerns
Greenhouse Gas Emissions	Given its vast interactions with sectors like, real estate, and transport, DIB needs to be acutely aware of the implications of increased regulation surrounding GHG emissions. The potential increase in the price of electricity and carbon-intensive goods could have ripple effects on the bank's portfolio.	DIB plans to intensify its commitment to renewable energy and reduce GHG emissions. Collaborative engagements with policy makers are ongoing to align DIB's business strategies with national and international goals.
Climate Risks	Climate change's physical manifestations may cause business continuity concerns for both DIB and its clientele.	DIB aims to understand its portfolio's exposure better and strategize ways to mitigate potential credit loss stemming from climate risks.
Diversity and Inclusion	DIB recognizes that diverse perspectives improve performance. With the UAE having a diversity policy, there's pressure to further improve, especially on gender diversity and Emiratisation.	DIB is working on programs that encourage a more diverse workforce and has also initiated training sessions on the importance of inclusivity in the workplace.
Employee Well-being	DIB understands that low well-being directly impacts employee productivity. In a tight labor market, well-being becomes a key differentiator in attracting and retaining talent.	The bank is initiating various programs to ensure the mental and physical well-being of its employees, including flexible work hours and wellness programs.
Financial Inclusion	Given DIB's key geographies and customer segments, financial literacy and inclusion for middle to low income groups are crucial.	DIB is looking to expand its reach to underserved segments and is rolling out products designed to cater to them specifically.
Data Security and Privacy	DIB acknowledges the heightened responsibility to protect clients' financial and personal information in the wake of rising cybercrime and data breaches.	DIB is an early-adopter, certified and compliant with the new global standard for Cybersecurity, ISO 27001:2022. We also abide by the UAE Information Assurance (IA) Regulation and comply with industry-specific including Payment Card Industry Data Security Standard (PCI DSS) V.4 and SWIFT's Customer Security Program (CSP). A dedicated team is available 24/7 in our Security Operations Center to monitor security threats. Furthermore, we perform regular vulnerability assessments and penetration testing on our networks and systems to detect any vulnerabilities or gaps in them.
Transparency & Disclosure	With stakeholders expecting greater transparency and increasing mandatory reporting requirements, DIB aims to be at the forefront of transparent ESG reporting.	The bank is working towards a more detailed and transparent annual ESG report, adhering to international standards.
Business Ethics	Upholding high standards of integrity is vital to maintain the trust of stakeholders and align with Islamic principles.	DIB continues to embed its ethical standards across all operations and ensures its employees at all levels understand and adhere to them.

OUR STRATEGY

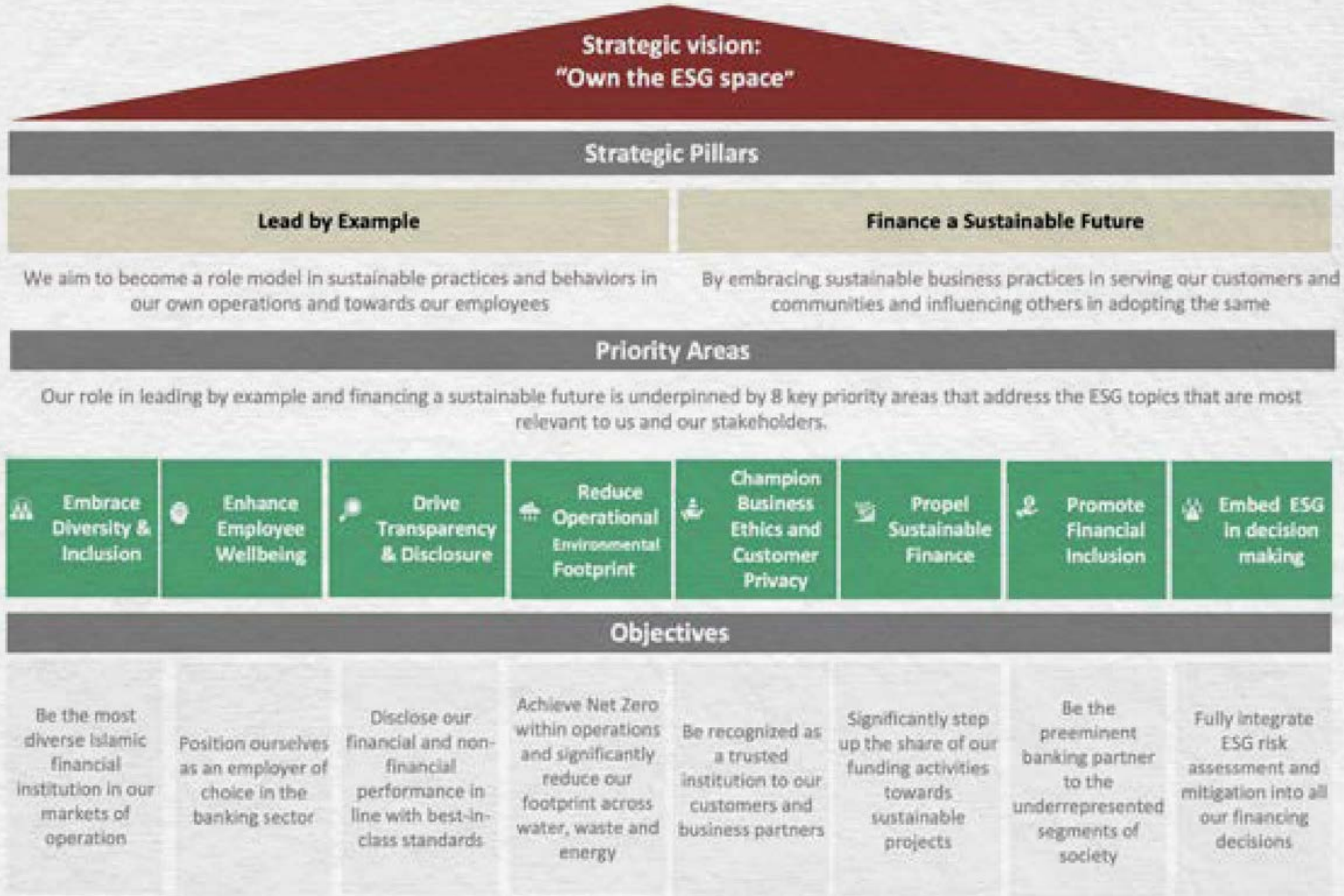
(GRI 2-22)

We have defined our 2030 ESG vision in a way that sets us on the trajectory to achieve our long-term ambition of being the benchmark for a Sustainable Bank of the Future.

Our two strategic pillars being Lead by Example and Finance a Sustainable Future demonstrate that not only do we want to do what's right, we also want to walk the talk when it comes to influencing our clients to become more sustainable - an area where majority of our ESG impacts life.

The priority areas under our two strategic pillars address the eight material topics identified in the baseline assessment as most critical for both our business and our stakeholders.

Each priority area has an overarching objective or commitment defining our level of ambition for that topic. These are followed by a series of sub-objectives and respective KPIs to measure our progress against our commitments. We have also set phased-out targets across KPIs where we have a clear baseline defined, while for others we propose defining baseline as a precursor to setting targets.



OUR PERFORMANCE

(GRI 3-3)

As we reflect on the year 2023, Dubai Islamic Bank (DIB) takes immense pride in the significant strides we have made in our sustainability journey. This performance summary is a testament to our commitment and achievements in embedding sustainability and responsibility in our operations. Guided by our comprehensive materiality assessment and a robust sustainability strategy, we have not only met but often exceeded our goals, setting a clear path towards continued success and growth in this vital area.

Our strategy, meticulously aligned with both our organisational values and broader sustainability objectives, has been instrumental in shaping our achievements. It is this strategic focus that has enabled us to make impactful contributions across various dimensions of sustainability. As we celebrate our accomplishments, we also acknowledge that these are steps in an ongoing journey—a journey marked by continuous improvement, innovation, and an ever-deepening commitment to sustainability.

Following this strategic pathway, we have structured our efforts into key priority areas, each reflecting a core aspect of our dedication to sustainability and responsible banking. These areas highlight our multifaceted approach to making a positive impact on our stakeholders, the environment, and the broader community. The remainder of our report details our efforts and successes in each area. We present here a summary of how they collectively contribute to our sustainability narrative and success.

Pillar 1: Lead by Example

DIB exemplifies its commitment to sustainability and responsible banking under the following priority areas:

- **Embrace Diversity and Inclusion:** DIB's workforce, representing over 45 nationalities, epitomises our dynamic work environment. Our commitment to diversity is further demonstrated by active efforts in Emiratisation and significant strides in gender equality, including our support for programs like AccelerateHER, which are integral to fostering an inclusive culture.

- **Enhance Employee Well-being:** At DIB, well-being extends beyond banking, focusing on the health of our employees and the wider community. We have completed initiatives like the Wellness Fair and made contributions to humanitarian support organisations which showcase our dedication to a balanced work-life ethos and nurturing community well-being.

- **Drive Transparency and Disclosure:** Upholding Consumer Protection Regulation, DIB is committed to transparency in its operations. Our continued rigorous adherence to compliance standards, sustainable finance reporting, and tax transparency reflects our dedication to ethical practices and consumer protection.

- **Reduce Operational Environmental Footprint:** DIB is committed to progressively reducing our operational footprint. Ongoing initiatives like digital transformation with DIB 'alt', and energy-efficient retrofitting are key steps towards reducing our environmental impact.

Pillar 2: Finance a Sustainable Future

DIB integrates sustainability into financial products and services through these priority areas:

- **Champion Business Ethics and Customer Privacy:** DIB continues to maintain the highest ethical standards and prioritizes customer privacy. Our extensive training in compliance, Sharia principles, and our rapid response to customer inquiries underscore our commitment to ethical business practices.

- **Propel Sustainable Finance:** 2023 marked our second Sustainable Sukuk issuance, valued at USD 1 billion and demonstrates our continued leadership in Islamic sustainable finance. We also continue to innovate a range of eco-friendly financial products including sustainable options in auto and home finance, as well as responsible wealth management solutions.

- **Promote Financial Inclusion:** DIB's initiatives in financial literacy and accessible banking services demonstrate our commitment to financial inclusion. Our financial literacy campaign and efforts to make banking services accessible to all play a crucial role in creating a more equitable financial environment.

- **Embed ESG in Decision-making:** Integrating sustainability and ESG principles in decision-making is a fundamental aspect of DIB's operations. Our comprehensive approach to ESG risk assessment in risk and credit operations, alongside the establishment of sustainability committees and the identification of Sustainability Champions, highlights our commitment to sustainable banking practices.

FOCUS ON: ESG HIGHLIGHTS[1]

US$ 3.5Bn funding facilitated via Sustainable Sukuk

US$ 1Bn Sustainable Sukuk issued

US$ 900Mn of Sustainable & Green Corporate Financing

US$ 750Mn+ for support to SMEs

US$ 360 Mn+ Financing for Affordable Housing

US$ 170 Mn+ Green Vehicle Financing

US$80 Mn+ Green Building Financing

US$ 149Mn community support to approximately 90,000 beneficiaries

333,888 plastic bottles saved via DIB's Dubai Can water station

63,276.26 tCO2e Total financed emissions avoided

COP28 UAE

COP28 Associate Pathway Partner

51,000 trees planted under One Tree for Everyone initiative

4,000+ students empowered via DIB Financial Literacy

[1] In select areas the figures included in the graphic, stem from an ESG register as of August 2023.

1.EMBRACE DIVERSITY AND INCLUSION

(GRI 405-1)

At Dubai Islamic Bank (DIB), we see diversity not just as numbers or statistics but as the essence of our collective strength. The incorporation of varied experiences, backgrounds, and perspectives enriches our organization, driving innovative solutions and a holistic approach to challenges.

A Melting Pot of Cultures

DIB boasts a workforce representing over 45 different countries, making us a microcosm of the global community. This diverse representation underpins our dynamic and inclusive work environment. It encourages a continuous flow of fresh ideas and ensures that our strategies are well-rounded and globally informed.

We are proud to celebrate this diversity through special events and activities, including those organized for Emirati Women's Day and Youth Day, which garner high-engagement levels from our employees.

Breaking Barriers for Women (GRI 405)

2023 was a landmark year for us in championing gender equality. We recognise women as imperative to our success and will continue to demonstrate our commitment to bringing about tangible change.

Our collaboration with the DIFC on the innovative AccelerateHER[2] program is also a statement. Through this, we're nurturing and mentoring future female leaders, providing them with the tools they need to redefine the financial landscape.

Commitment to Local Talent (GRI 202-2)

Being part of the UAE, our focus on Emiratisation is both a responsibility and a privilege. We have actively and diligently participated in Emiratisation focused events such as Ru'ya and Careers UAE Redefined with a genuine interest in uplifting and championing local talent.

Our 44% Emiratisation ratio in 2023 is a significant demonstration of our efforts to integrate local talent into our growth story, ensuring that they play pivotal roles in our narrative.

Employee Development (GRI 404-1)

Beyond recruitment, we emphasise the holistic development of our employees through multiple programs. This includes the **Development Program**, which supports our vision to see more local leaders in key roles, as well as the **Higher Education Program** which underscores our belief in continuous learning, supporting our team's educational pursuits.

Also, worth noting is our graduate focused programs; where young professionals can glean insights from seasoned experts, allowing a seamless transition from academic life to professional roles. Each of these programs exemplifies our belief in nurturing talent at every step, ensuring their growth is aligned with our organizational goals.

Towards a Brighter, Inclusive Future

For DIB, diversity and inclusion are more than just pillars of sustainability; they're the bedrock of our ethos. As we forge ahead, our commitment to fostering an inclusive culture remains unwavering. Through continued efforts and initiatives, we aim to set industry benchmarks, ensuring that every member of our DIB family has the platform and opportunity to excel.

[2] DIFC, DIB-backed AccelerateHER returns for 7th edition, registrations open (gulfbusiness.com).

2. ENHANCE EMPLOYEE WELL-BEING

A Commitment to the Future

As we stride forward, we work to not lose sight of our commitment to well-being. We aim to set benchmarks not only in banking but also in nurturing an environment where well-being is at the heart of everything we do.

At DIB, we believe in building a world where well-being and progress go hand in hand.

Championing Well-being: DIB's Holistic Approach to Care	At DIB our philosophy extends beyond conventional banking. We understand that the strength of our institution is deeply intertwined with the well-being of our employees and the communities we touch.
Prioritising Employee Well-being: More Than Just a Workplace GRI 401-2	DIB is a community where each individual is valued. This sentiment underpins our focus on promoting a balanced work-life ethos. We recognise that to serve our customers best, our employees need to be at their best. Our proactive approach to health sees us hosting innovative events such as the Wellness Fair, where we bring experts directly to our team and create avenues for them to discuss, learn, and prioritise their physical and mental health.
Nurturing Community Well-being: Banking with a Heart	Our influence is not confined to the corridors of finance. We see ourselves as an integral part of the broader community, actively seeking opportunities to uplift and support. From supporting health initiatives to providing homes for flood victims in Pakistan, our endeavors extend our care beyond borders. We've demonstrated this through significant donations to the Al Jalila Foundation , and supporting the A'awen programme , where we are directly aiding individuals facing life-threatening illnesses. Similarly, our alliance with the Mohammed bin Rashid Al Maktoum Global Initiatives and the Ramadan 2023 campaign exemplify our ethos of giving back. These endeavours enable us to be a part of larger missions, supporting hope and relief on global scales.

FOCUS ON: COMMUNITY WELL-BEING AND UN SDGs (GRI 203-2)

In 2023, Dubai Islamic Bank (DIB) continued its robust support of community well-being and towards furthering progress on the UN's Sustainable Development Goals. Our overall contributions and commitments amount to more than AED 549Mn, and comprise a total of AED 264Mn donated and pledged directly to identified humanitarian support organisations, as well as AED 285Mn dedicated to our community support initiatives which have impacted the lives of approximately 90,000 beneficiaries.

The bulk of our community support particularly in education, healthcare and humanitarian aid comes from Zakat contributions, highlighting our adherence to Islamic principles of social responsibility. We highlight here key elements from our community support initiatives.

Medical and Healthcare Support

Our contribution and commitment to medical and healthcare amounted to over AED 34Mn, aiding around 250 beneficiaries. Initiatives like the thalassemia patient support program and the "Hope and Pain" radio broadcast for medical cases underscore our commitment to Good Health and Well-being (SDG 3). These programs have not only provided crucial healthcare support but also raised awareness of significant health issues within the community.

Culture, Education, and Scholarship Initiatives

DIB's contributions and commitments to culture, education, and scholarship exceeded AED 27Mn, touching the lives of more than 3,500 beneficiaries. Our initiatives spanned from supporting academic pursuits in medical sciences to sponsoring cultural and educational events like the Future of Inventors event and the Dubai International Holy Quran Award. This holistic approach in education and culture, including significant support for Sharia students, has been instrumental in providing quality education (SDG 4) and preserving cultural heritage.

Disability Support

Our contributions amounting to AED 1Mn for disability support initiatives have profoundly impacted the lives of 15,000 individuals. Collaborating with organisations like the Dubai Club for People of Determination and Saud bin Rashid Al Mualla Charitable and Humanitarian Est, we focused on enhancing mobility for patients and individuals with disabilities. By providing specially adapted vehicles, this program has not only granted greater independence to those with mobility challenges but also fostered a more inclusive community, resonating with the Sustainable Development Goal (SDG) 10 of Reduced Inequalities.

Humanitarian Aid and Disaster Relief

With a profound sense of responsibility towards global citizens, DIB contributed and committed approximately AED 79Mn to humanitarian aid and disaster relief. This aid has supported over 48,000 people, including initiatives like supporting the construction of homes in disaster-affected areas of Pakistan and Indonesia and supporting low-income citizens in the UAE. These efforts align with SDG 11, highlighting our commitment to Sustainable Cities and Communities, and demonstrate our responsiveness and compassion in times of crisis.

Social Welfare and Support

In 2023, DIB's social welfare and support contributions and commitments reached approximately AED 144Mn, positively impacting the lives of more than 20,000 individuals. Our support encompassed a diverse range of projects, from the "Furijet" project, releasing indebted individuals, and initiative facilitating the release of prisoners, to supporting struggling families of inmates. Additionally, we provided aid forwith rental disputes and family support cases. Our focus on community care for widows and divorcees. These initiatives, valued at over AED 18 million, emphasize, alongside group weddings, embodied our dedication to social rehabilitationPeace, Justice, and support.Strong Institutions (SDG 16).

Meal Program

Our social support also extended to the UAE's 1 Billion Meal program, and other foundations that distributed more than 67,500 meals during the Holy month of Ramadan and Eid.

DIB's Community Support Services in 2023 have been a testament to our commitment to making a positive impact in society.

Our contributions have supported a variety of causes, reflecting our holistic approach to community service and our dedication to the principles of Islamic banking. By focusing on key areas like education, healthcare, and humanitarian aid, we are not only contributing to the immediate needs of the community but also investing in the sustainable development of society.

FOCUS ON: EMPLOYEE WELL-BEING

DIB (DIB) is deeply committed to nurturing the overall well-being of our employees. Recognizing that our staff is the cornerstone of our success, we have initiated several programs and benefits aimed at enhancing their health, satisfaction, and work-life balance. Here are some of the key initiatives we've implemented:

Enhancement in Allowances for Staff

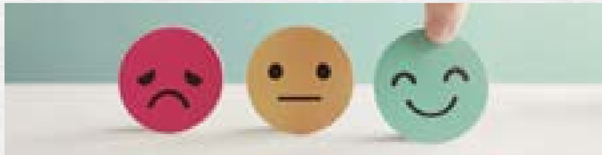
Understanding the importance of recognising and rewarding our employees' contributions, we revised several key allowances in June 2023. The updates included an increased airfare allowance, alignment of education allowances with market conditions (including an extension of the age limit to 21 years for dependents), and covering all costs related to Emirates ID, typing, and standardised expenses for employees across all grades. These enhancements are part of our strategy to retain talent and acknowledge their role in DIB's progressive growth.

HIPO Financial Acumen Program

Recognising that well-being encompasses financial health, in June 2023, we initiated a financial acumen program for our high-potential (Hi-Po) employees. In collaboration with Ashridge Hult Business School, we provided a tailored 2-day workshops focused on enhancing financial well-being skills for select delegates covering both personal and professional growth. This program is aimed at equipping our junior and mid-level staff with critical financial knowledge, furthering their development within the bank.

Annual Health Benefits Survey

In March 2023, we conducted a comprehensive Health Benefits Survey to gauge employee satisfaction with our health insurance services. This initiative is part of our continuous efforts to improve the health and well-being of our employees. The survey provided



valuable insights, leading to significant changes such as the standardisation of dependents' coverage across all employee grades and an extension of the children's age limit for coverage to 21 years old. This reflects our dedication to adapting and enhancing our benefits to meet the evolving needs of our workforce.

Parent-Child Care Zone

In June 2023, DIB introduced the AL AMANAH Parent-Child Care Zone at our Al Nahda Building offices. Understanding the challenges of balancing parenting with professional responsibilities, this facility offers a supportive environment for our staff. Available between 7 am and 5 pm, this service is a testament to our commitment to supporting our employees in all aspects of their lives, ensuring a healthy work-life balance.

Employee Physical Well-being

- In June 2023 in collaboration with a sporting events market leader, DIB participated in an all-women corporate sports day promoting recreational activities, and gender equality within sports, as well as boosting greater confidence and self-esteem in female employees' social lives.
- In August 2023, we organized a health awareness session delivered by an experienced corporate fitness coach highlighting the importance of well-being through the physical exercise, body awareness and mobility, which marked the launch of our upcoming Corporate Wellness program.
- In October 2023 we organized an in-person and virtual session on the importance of regular health screenings, with a particular focus on breast cancer awareness and Executive Health programs for both men and women. The sessions led by a renowned internal medicine doctor from the leading UAE hospital, Sheikh Shakbout Medical City, highlighted our commitment to encouraging and facilitating regular health check-ups for our employees.
- In November 2023, DIB hosted an in-person workshop highlighting the health risks of diabetes, early detection and the importance of qualified nutrition consultations hosted by a medical consultant in residence from a leading UAE healthcare group.
- Recognising the importance of the mental health, we also organised an in-person session with a renowned professor of clinical psychology on stress management at the workplace.

DIB Wellness Fair

October 2023 marked the launch of our inaugural DIB Wellness Fair, a dynamic event where employees had the opportunity to explore innovative health and wellness products and services. This vibrant two-day gathering featured industry leaders and enthusiasts, offering staff a chance to engage with cutting-edge wellness solutions, experience live demonstrations, and receive personalised consultations. It underscored our commitment to promoting a culture of health and wellness within the bank.

Through these initiatives, DIB is steadfast in its commitment to enhancing the well-being of our employees, recognising that their physical and mental health, satisfaction, and overall balance are integral to the success and sustainability of our organisation.

3. DRIVE TRANSPARENCY AND DISCLOSURE

(GRI 2-24)

At Dubai Islamic Bank (DIB), we uphold our legacy as a pioneering Islamic bank by offering a range of innovative, Sharia-compliant products and services, and do so with transparency and all necessary disclosures.

Commitment to Consumer Protection Regulation

Central to our ethos is a deep-seated commitment to consumer protection, ensuring that our customer's trust and satisfaction are always prioritized. Our dedication to client confidentiality is unwavering, and we complement this with transparent information sharing, aligning with the Consumer Protection Regulation (CPR) mandated by the Central Bank of the UAE. Our adherence to CPR focuses on:

- Rigorous disclosure and transparency standards.
- Strong institutional oversight.
- Adherence to market and business conduct regulations.
- Protection of consumer data and privacy.

In response to the CPR, DIB aims to lead the industry with initiatives such as:

- A dedicated Complaints Management unit for handling consumer inquiries and grievances.
- Implementation and enforcement of a Consumer Protection Policy to safeguard customers.
- Increased transparency in disclosing product features, fees, charges, and risks.
- Offering financial education and awareness programs.
- Upholding fair and ethical marketing and advertising.
- Promoting Financial Inclusion.
- Annual mandatory Consumer Protection Awareness and Regulation learning programs for senior management and staff.

Compliance Management at DIB

The bank's compliance department ensures strict adherence to relevant laws, regulations, and rules, crucial for maintaining DIB's integrity and reputation. The Board has endorsed a robust Group Compliance Policy empowering the Compliance function. In 2023, DIB enhanced its compliance management through:

- Updated Anti-Money Laundering (AML), Counter Financing of Terrorism (CFT), Know Your Customer (KYC), and Non-Proliferation Framework (NPF) policies.
- Strengthened compliance oversight of subsidiaries and affiliates.
- Regular internal communications and annual mandatory compliance trainings on compliance policies and procedures for all staff.

Sustainable Finance Reporting

Following the issuance of two successful Sustainable Sukuks, we have initiated sustainable finance reporting in line with our Sustainable Finance Framework. This complies with the International Capital Market Association's Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines, Loan Market Association Green Loan Principles, and Social Loan Principles. We engage third parties for annual assurance on fund allocation alignment, underscoring our commitment to transparency and accountability. Detailed information on our sustainable finance allocation and impact can be found in Pillar 2 of this report.

Tax Transparency (GRI 207-1,2,3)

Tax transparency and compliance are integral to our values, maintaining a balance between following tax rules, acting ethically, and fostering sustainable development. We take our responsibility seriously, contributing our fair share to support public services and community well-being. Committed to transparency, we actively engage with local and international (tax) government authorities, business partners, and employees. Adhering rigorously to all relevant laws, our tax strategy aligns seamlessly with changing global rules. Upholding the highest standards of integrity in tax compliance and reporting is essential, showcasing our dedication to being open and accountable. Navigating the complex world of taxes, we remain true to our commitment creating a fair, ethical, and sustainable financial system, reflecting our broader ESG principles.

The Tax department manages all tax matters and follows a three-line defence model across the organization, involving data entry and accounting operation teams. The Tax department is responsible for tax compliance and periodic internal monitoring of tax governance.

FOCUS ON: UAE CLIMATE RESPONSIBLE COMPANIES PLEDGE

We, as climate-conscious and responsible private sector companies based in the UAE, commit to stepping up our collective efforts to combat climate change by:

"Measuring and reporting our GHG emissions in a transparent manner, developing measurable plans in line with national sectoral climate targets to reduce our carbon footprint, and sharing these plans with the UAE government to contribute to achieving the national net-zero target by 2050 or earlier.

Factoring in climate change mitigation and adaptation measures as core principles of our businesses and operational models.

Encouraging and engaging stakeholders including suppliers, partners and consumers to actively take part in climate action to help the UAE reach Net Zero by 2050; and

Adopting an all-inclusive approach that engages youth, women, and vulnerable segments of society in developing our net-zero plans. With these commitments, we pledge to support the UAE government in reaching net-zero targets by 2050 through the implementation of a nationwide cross-sectoral process that pursues climate neutrality to fulfil both National and International climate commitments".

4. REDUCE OPERATIONAL ENVIRONMENTAL FOOTPRINT

(GRI 302, GRI 303, GRI 305, GRI 306)

At Dubai Islamic Bank, we are committed to progressively reducing our operational footprint. We aim to align with the UAE's ambitious net-zero by 2050 initiative under the Dubai Clean Energy Strategy.

In 2024, DIB will undertake a detailed baseline assessment to understand our current standings in emissions, water use, and waste generation. This comprehensive assessment is crucial for setting achievable yet ambitious interim annual targets. These steps demonstrate our commitment to measurable and impactful sustainability efforts.

In 2023 we achieved some encouraging successes in energy efficiency and renewable energy integration, as well as waste reduction and water conservation:

- **Digitisation with DIB 'alt':** Our strategic move towards digital banking, marked by the launch of DIB 'alt', is a significant step towards reducing our physical footprint. DIB 'alt' is a transformative experience for our customers, consolidating over 135 digital services, including banking apps, online banking, and ATMs. This initiative significantly reduces the need for operational branches, thus cutting down on energy and paper usage. DIB 'alt' is a pioneering step in our digital journey, aligning with the UAE's vision for an advanced digital landscape and reducing our operational footprint.

- **Sustainable Infrastructure:** Our commitment extends to our physical infrastructure. Our new headquarters are a testament to this, with its state-of-the-art Building Management System (BMS) and sensor-equipped faucets and dispensers aimed at reducing energy consumption.

- **Efficient Retrofitting:** Our ongoing retrofit plans for existing offices have successfully decreased energy and water consumption. The fitting of LED bulbs and efficient water valves in washrooms are practical steps in this direction.

- **Sustainable Employee Practices:** We have transitioned away from traditional business cards, introducing QR code-enabled employee cards. This initiative significantly reduces our paper usage.

We have also sought to influence the footprint outside our direct operations, first through a partnership with Dubai Can and then taking the opportunity to engage our customers through our own One Tree for Everyone Campaign:

- Aligning with Dubai's long-term green agenda, DIB's collaboration with the 'Dubai Can' initiative highlights our commitment to sustainability. The initiative focuses on reducing waste and protecting the environment by providing access to free and safe drinking water and reducing single-use plastic. Our participation and installation of water stations in Business Bay contribute to creating a culture of conscious living and supporting the UAE's vision of a sustainable, low-carbon economy.

- Our 'One Tree for Everyone' campaign, launched in alignment with COP28 preparations, demonstrates our environmental commitment. For every new account opened, a tree is planted in partnership with Emirates Environmental Group and The Storey Group. This initiative actively involves our customers in our sustainability journey and reinforces our alignment with the UAE's sustainability and ESG goals.

Addressing Areas for Improvement

In our continuous journey towards sustainability, DIB recognises the importance of not only setting ambitious goals but also providing clear metrics and data to track our progress. To enhance our sustainability reporting and address areas for improvement, we are focusing on the following key aspects:

- **Detailed Data and Benchmarks for Measurable Progress:** We are committed to providing more detailed data in our future reports. This includes specific figures on energy savings from our digital transformation initiatives, waste reduction from our recycling programs, and water conservation efforts. By presenting quantifiable results, we aim to offer a transparent view of our progress.

- **Impact Assessment of Sustainability Initiatives:** Beyond the quantitative measures, we acknowledge the importance of assessing the qualitative impact of our sustainability initiatives. This includes evaluating employee engagement and satisfaction resulting from our green workplace practices, as well as customer responses to our digital banking transformation and community-oriented sustainability campaigns.

FOCUS ON: OUR FOOTPRINT

CATEGORY	UNIT	2021 SCOPE****	2021	2022 SCOPE	2022	2023 SCOPE	2023
Scope 1*	tCO2e	DIB UAE	227.3	DIB UAE	284.4	DIB UAE	228.43
Scope 2**	tCO2e	DIB Dubai	2,845	DIB UAE	5,751.8	DIB UAE	7,762.90
Scope 3***	tCO2e	DIB UAE	20	DIB UAE	61.30	DIB UAE	78.62
Total GHG emissions	tCO2e	DIB UAE	3,092.3	DIB UAE	6,036.2	DIB UAE	8,070

Definitions:

DIB UAE refers to buildings, offices and branches within our operational control in the UAE.
DIB Dubai covers the emirate of Dubai only.

Scope 1* :
Petrol and diesel consumption, which are major contributors for our Scope 1 emissions, have increased as employees travel more for business with Covid-19 restrictions removed.
CO_2, CH_4 and N_2O emissions were considered in the calculation of Scope 1 emissions.
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:**
Covers total electricity consumption which includes buildings within our operational control in the UAE. This includes over 85% data coverage across all branches and offices in the UAE.
CO_2 emissions were considered in the calculation of Scope 2 emissions.
In the absence of the availability of latest emission factors for other emirates, Scope 2 emissions were calculated using the emission factor provided by Dubai Electricity & Water Authority (DEWA) in their Sustainability Report 2022.
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.

Scope 3*:**
Only includes air travel for DIB UAE. This has increased as more of our employees are travelling after Covid-19.
It was calculated using Greenhouse Gas Protocol Technical Guidance for Calculating Scope 3 Emissions.

****Scopes 1 and 3 cover DIB UAE in 2021, but Scope 2 only covers emissions in the emirate of Dubai (DIB Dubai).

FOCUS ON: DUBAI CAN

An initiative led by the Crown Prince of Dubai, this incredible undertaking focuses on ensuring safe drinking water is available for all residents while encouraging responsible consumer behavior.

DIB is a proud partner of this initiative and has a water station located in Business Bay. In 2023, the DIB water station dispensed an impressive 160,000 litres of filtered water effectively preventing approximately 333,888 (500ml) plastic bottles from being used.

Since the start of our partnership, the DIB water fountain has dispensed approximately 230,000 litres and conserved more than 450,000 (500ml) plastic bottles.

5. CHAMPION BUSINESS ETHICS AND CUSTOMER PRIVACY

Championing Business Ethics: Upholding the Highest Standards

In a rapidly changing financial landscape, we remain steadfast in our commitment to uphold the highest ethical standards. At DIB, business ethics are at the very core of our operations, dictating how we serve our customers, interact with stakeholders, and nurture our organisational culture.

Our growth in this area can be seen in the improvement of our net promoter score from 37 in 2022 to 45 in 2023. This improvement is a testament to our commitment to striving for the highest customer experience standards and living the Customer Charter #AllAboutU.

Commitment to Continuous Learning

Our dedication to maintaining impeccable ethical standards is reflected in the proactive measures we undertake. A testament to this commitment is that 100% of our employees have completed mandatory compliance courses as outlined by the UAE regulatory bodies.

Central to our operations is the understanding and practice of Sharia principles. We take immense pride in ensuring that all employees undergo a comprehensive Sharia compliance course, emphasising our unwavering commitment to Islamic banking principles.

Prompt Complaint Resolution and Transparency

Our ethical approach is further mirrored in our Complaint Handling Principles; accessibility, empathy, transparency, reliability, security and fairness. We are committed to listening to customers and taking their issues seriously - ensuring independent and robust investigation of issues.

In 2023, 88% of consumer complaints were resolved within ten working days, and we strive to address all complaints within the timelines required by the consumer protection regulations.

Our Key Fact Statements provide clear information relating to our retail products to support customers in their decision-making.

Upholding the Code of Conduct

As articulated in our employee handbook, we place paramount importance on adherence to our Code of Conduct. This code is an embodiment of our values and the behaviours expected from our employees. Every employee, irrespective of their role, is expected to maintain complete compliance with our policies and guidelines.

In 2023 we conducted 10 workshops for 156 senior colleagues in order to drive a consistent understanding of our values, facilitate two-way engagement and task these managers to bring the values to life in their areas.

Additionally, our Whistleblowing policy ensures that any suspicion of unethical or non-compliant behavior is addressed confidentially and promptly, protecting both our integrity and our whistleblowers.

A Future Defined by Ethics

At DIB, we envision a future where ethics and business go hand in hand. As we advance, we pledge to continually assess, refine, and elevate our ethical standards, ensuring that our legacy is defined not just by our financial achievements but by the ethical benchmarks we set for the industry.

FOCUS ON: CUSTOMER EXPERIENCE EVENTS

Topic	Content
Alt Digital Ambassadors	As part of the CEA Strategic Goals of bringing Cross Functional Collaboration and Educating Customers on the Digital Channels and Solutions, we launched the ALT DIGITAL AMBASSADORS initiative under a multifunction collaboration. The focus was to empower youth in the context of DIB CSR Strategy, invest in youth skills & energy to promote DIB Digital Channels, educate our customers with a targeted approach, reduce the traffic from Branch Network, especially the most crowded ones & enhance Customer Experience & satisfaction by targeting their specific needs. During the 8 weeks of internship, 18 interns helped an average of 34,000 customers and successfully converted 30% of them to alt Services. Instant support was given to the ambassadors to help solve the customers' problems and initiate them to DIB Digital Services. We received very positive feedback from customers and will look at building on the initiative going forward.
Customer Champions Initiative	The CX Team marked the launch of the 2023 cycle of the 'Customer Champions' program in the presence of the Chief Consumer Banking Officer and other senior leaders. With 88 Customer Champions across 20 teams, the program aims to instil ownership of the CX journey and drive a bank-wide focus on exceptional service. The champions have conducted 240+ Customer Experience Talks, mentored 110+ individuals through the 'CX Influencer' initiative, and collaborated on 220+ customer issues via WhatsApp. Selected champions served as CX catalysts by communicating quarterly themes and leading the 'Info Hub' initiative to enhance staff knowledge. Q3 and Q4 meetings showcased achievements and team building activities, reinforcing the theme of 'Together for better CX.'

Topic	Content
Customer Service Week	Customer Service (CS) Week is an international celebration of the importance of customer service and of the people who serve and support customers on a daily basis. DIB celebrated CS Week this year from 2nd - 6th October 2023. The objectives were to highlight our Customer Charter #AllAboutYou, raise awareness of the value of customer experience, reinforce to customers our commitment to their satisfaction, and reinforce the CX spirit across DIB branches, Service Center and teams. The celebration was kicked off by an opening ceremony with team members being recognised during the ceremony; for receiving the highest number of appreciations from customers in 2023. During the CS opening, a special emphasis was placed on the health and well-being of our customers, an engagement area was set up for customers to interact with Al Jaber Optical and Medcare, both of whom were providing free health checks. Moreover, giveaways, coffee, tea and nutritious snacks were given out to customers. Special offers and partnerships were designed for customers to avail during this week to honour the value DIB places on our customer relationships.
'Driving Customer Centricity'- ICARE training	A multifunction team was initiated to design and build the ICARE 'Driving Customer Centricity' program. A total of 108 sessions have been conducted which were attended by 1600+ team members. This program has improved staff knowledge on products, enhanced staff capabilities ,behaviours and ability to enact the ICARE values while driving staff ownership across touch points.

6. PROPEL SUSTAINABLE FINANCE

DIB has established a comprehensive Sustainable Finance Framework to serve as the basis for issuing Green, Social or Sustainability Sukuks and other financing instruments. This framework is in line with internationally recognised standards such as the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines by the International Capital Market Association (ICMA), as well as the Green Loan and Social Loan Principles by the Loan Market Association (LMA).

This framework marks an important milestone in our commitment towards sustainable financial practices and can be read in full here.

Allocation of Funds and Alignment with SDGs

The funds generated through Sustainable Financing Instruments within this framework are allocated to finance or refinance Eligible Sustainable Projects.

These projects cover various categories that meet rigorous eligibility criteria while aligning with specific Sustainable Development Goals (SDGs). The different categories covered in the framework include Renewable Energy, Energy Efficiency, Clean Transportation, Green Buildings, Pollution Prevention and Control, Sustainable Water and Wastewater Management, Employment Generation and Affordable Housing.

The Framework ensures a transparent and responsible approach to project financing while actively contributing to global sustainability efforts. The exclusion criteria of the Framework reinforces our dedication to environmental responsibility and compliance with Sharia principles.

We detail below the eligibility criteria:

Renewable Energy	Projects related to the production, transmission and storage of energy from renewable sources.
Energy Efficiency	Projects that reduce energy consumption by at least 20% compared to the average of national energy consumption of an equivalent project.
Clean Transporta-tion	Financing related to electric and low-carbon vehicles and associated infrastructure for public, passenger and freight transportation.
Green Buildings	Projects related to acquisition, development, construction and refurbishment of buildings that belong to the top 15% in terms of energy efficiency of their local market or have received, or expect to receive certification according to third-party verified green building standards.
Pollution Prevention and Control	Projects related to construction, upgrades and renovation of facilities for collection, sorting, processing and conversion and treatment of waste.
Sustainable Water and Wastewater Management	Projects related to construction, operation, maintenance, of water collection, recycling, transportation and treatment technologies. Projects that increase water-use efficiency by at least 20%, and water desalination using reverse osmosis technology.
Employment Generation	Financing and/or refinancing to SMEs and microfinance clients, as well as the provision of support measures to these clients such as offering extension of payment periods during natural disasters and pandemics.
Affordable Housing	Financing and/or refinancing of government-supported or government-subsidised mortgages for the provision of affordable housing as well as projects related to the homes covered under such programmes.
Access to Essential Services	Projects related to the construction or expansion of public hospitals and schools for the provision of not-for-profit, free or subsidised healthcare and education.

The framework excludes financing towards any expenditures or projects involving activities including: Coal or gas fired power generation and distribution assets, Coal mining and transportation, Fossil fuel-related exploration and distribution, Conflict minerals, Extractive industries and mining, Military contracting and weapons, Nuclear power generation and distribution assets or any activities involving modern slavery or forced labour.
We also exclude non-Sharia compliant activities, such as: Payday loans, gambling, adult entertainment, alcohol or tobacco.

DIB's Sukuk Issuance in 2023

In 2023, we achieved a significant milestone in sustainable finance by successfully pricing our second Sustainable Sukuk. This issuance was valued at USD 1 billion for a period of 5.5 years with a profit rate of 4.80%. It represented the largest sustainable issuance by any financial institution from the Middle East till date. The response from international investors was overwhelming, highlighting DIB's leadership in Islamic and Sustainable finance.

The success of this Sukuk issuance followed DIB's first issuance in 2022 and signifies market confidence in DIB as well as our commitment to the UAE's sustainability agenda and the national goal of "Net Zero by 2050." The issuance received three times oversubscription which indicated strong investor trust while setting an example for future sustainable finance initiatives across the region.

Impact and allocation report

In line with our commitment to sustainable finance and transparency, Dubai Islamic Bank (DIB) engaged Carbon Trust to assess the environmental impact of our Eligible Green Asset Portfolio. This evaluation included key areas such as Renewable Energy, Energy Efficiency, Clean Transportation, and Green Buildings. The assessment's focus was on estimating the impacts achieved through these initiatives, utilising a robust methodology based on standards including PCAF's The Global GHG Accounting and Reporting Standard for the Financial Industry, ICMA Harmonised Framework for Impact Reporting, Climate Bonds Standard V3.0, and more.

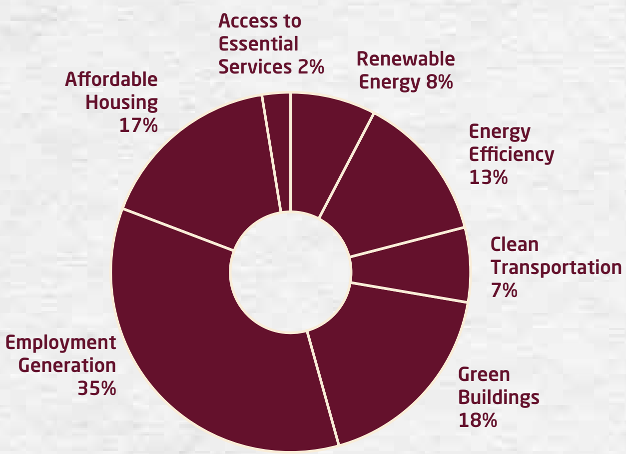
The comprehensive analysis by the Carbon Trust was specific to our Green Asset Portfolio, excluding the Eligible Social Asset Portfolio, which covers Employment Generation, Affordable Housing, and Access to Essential Services. Our reporting framework adheres to key recommendations outlined in various principles and ensures transparent disclosure of assumptions and estimations used in our calculations.

Below, we detail some allocation highlights and provide a breakdown of the eligible green and social portfolios. Tables detailing these portfolios offer a clear view of our sustainable finance activities. For an in-depth understanding of our efforts and impacts, we invite you to view the full impact and allocation report demonstrating DIB's strong commitment to sustainable finance. This aligns with global best practices and significantly contributes to the UAE's vision for a sustainable future.

ALLOCATION HIGHLIGHTS	
USD 1.75 bn Sustainable Sukuk Issued	46% Green Asset Portfolio
63,276.26 tCO2e Total Financed Emissions Avoided	54% Social Asset Portfolio
USD 2.1 bn Eligible Sustainable Asset Portfolio	83% Eligible Sustainable Asset Portfolio allocated

SUSTAINABILITY SUKUK ISSUED		
Issuer	Dubai Islamic Bank	
Date	09-Feb-2023	22-Nov-2022
Rank	Senior Unsecured	Senior Unsecured
Net Proceeds (USDm)	1,000	750
Coupon	4.800	5.493
Tenure	5.5 yr	5 yr
ISIN	ZM9734348 CORP	ZN4974780 CORP

ELIGIBLE PORTFOLIO AS AT 31ST AUGUST 2023



ELIGIBLE GREEN ASSET PORTFOLIO AS AT 31ST AUGUST 2023

Eligible Green Asset Portfolio by category	Funded (AED m)	Funded (USD m)	%
Renewable Energy	591	161	8
Energy Efficiency	1,051	286	13
Clean Transportation	521	142	7
Green Buildings[7]	1,357	370	18
Total	**3,520**	**959**	**46**

(1 AED = 0.27 USD)

ELIGIBLE SOCIAL ASSET PORTFOLIO AS AT 31ST AUGUST 2023

Eligible Social Asset Portfolio by Category	Funded (AED m)	Funded (USD m)	%
Employment Generation	2,641	713	35
Affordable Housing	1,147	310	15
Access to Essential Services	152	41	2
Total	**3,940**	**1,064**	**52**

ELIGIBLE PORTFOLIO AS AT 31ST AUGUST 2023

Key Metrics	%
Outstanding Sustainable Sukuk Proceeds Allocated	100
Eligible Green and Social Asset Portfolio allocated	83
Eligible Green and Social Asset Portfolio unallocated	17

(1 AED = 0.27 USD)

[7] Note there is a slight discrepancy in the allocation versus impact data. Allocation data covers the full allocated amounts for the 4 projects, whereas the impact assessment table includes only the 2 projects with complete data.

7. PROMOTE FINANCIAL INCLUSION

At Dubai Islamic Bank (DIB), we believe that financial inclusion is pivotal to sustainable development. By creating accessible financial services and empowering diverse communities with financial literacy, we are committed to building a more inclusive economic environment. Our initiatives in financial literacy, branch accessibility, digital offerings, and sustainable financing are designed not just to meet the diverse needs of our clients but also to forge a path towards a more equitable and financially inclusive future. Here's how we're turning this vision into reality:

Financial Literacy Campaign (GRI 413)

DIB is dedicated to enhancing the financial literacy of the UAE's youth. In a fruitful partnership with KFI GLOBAL, we've launched a youth financial empowerment initiative, positively impacting over 4,000 students from around 50 schools since its inception. As this program continues through 2022 and 2023, we take pride in the evident positive influence it has on our future leaders. This initiative arms the next generation with critical financial knowledge and skills, essential for their future success. DIB's commitment to youth financial empowerment shines through this unique event, notable for its breadth and quality. Our tradition of collaborating with like-minded organizations in youth development is underscored by the success and acclaim of this program. The Youth Financial Empowerment Forum, hosted at Mohammed Bin Rashid Library, brought together 17 schools and approximately 100 students, deans, and academic leaders. This event was a platform to share experiences from the campaigns and to acknowledge the educational institutions pivotal in these financial literacy campaigns, reaffirming our investment in the nation's future generations.

Branch Accessibility

At DIB, we recognise the diverse needs and preferences of our customers and are committed to making our services accessible to all. This commitment is exemplified by the introduction of dedicated 'People of Determination' counters at select branches, ensuring a seamless banking experience for customers with different abilities. Currently, 9 branches and 11 ATMs across the UAE are fully equipped with wheelchair-accessible facilities, including teller counters, bathrooms, ramps, and handrails, reflecting our dedication to inclusivity.

Furthermore, our website has been thoughtfully designed to accommodate various accessibility needs. Features like larger fonts, higher contrast, screen reader support, and keyboard navigation ensure that the DIB website is accessible to a wider audience, including those with differing abilities.

Digitisation of Our Offering

DIB has witnessed significant growth in digital channels, with approximately 10,000 to 12,000 accounts opened monthly, 40% of which originate from digital sources. Additionally, 77% of our Services/Products deliveries are now conducted digitally. This shift underscores our commitment to offering innovative, convenient solutions that cater to the evolving needs of our customers.

Digital Accessibility	Digital only	Branch only	Hybrid
Customers	83%	3%	14%

Digitisation	Digital	Non-digital
Services/Products	77%	23%

The Role of Our Sustainable Financing

A substantial portion of our sustainable asset portfolio falls under the 'social' category, with 35% contributing to employment generation. This is primarily through financing or refinancing of SMEs and microfinance clients. We also extend support to these clients during challenging times, offering payment extensions in the wake of natural disasters and pandemics. Our focus includes SMEs, women-owned businesses, and enterprises impacted by adverse economic conditions, underlining our dedication to supporting diverse segments of society through sustainable financing.

FOCUS ON: COP28

At Dubai Islamic Bank (DIB), we are deeply committed to advancing sustainable finance, a commitment that aligns with the UAE's steadfast approach to sustainability. This dedication reflects our role in a broader global narrative that seeks to address climate change and promote sustainable development. Our involvement at COP28, underlines this commitment.

COP28: A Pivotal Stage for Global and Local Sustainability Initiatives

The UAE's hosting of COP28 served as a significant global platform, reaffirming the nation's dedication to lead climate action. For DIB, COP28 represented a crucial opportunity to align our sustainability goals with those of the international community and to demonstrate our commitment to environmental stewardship.

Strategic Collaborations and Initiatives at COP28

During this pivotal event, DIB embarked on several strategic initiatives that exemplify our commitment to sustainable practices:

- **Proactive Engagement in Climate Finance Hub:** As an Associate Pathway Partner, our active participation in the Green Zone's Climate Finance Hub allowed us to engage in meaningful dialogue around sustainable finance and innovative eco-centric solutions. This engagement provided us with a platform to highlight our commitment to the green transition and to interact with a diverse array of stakeholders.

- **Sustainable Finance Pledge:** Our collaboration with other leading banks, resulting in a combined pledge of 1 billion AED towards sustainable finance, was a testament to our shared responsibility towards fostering a green economy. This initiative showcases our collective efforts to drive sustainable development.

- **Moro Hub Agreement:** The partnership with Moro Hub to utilise their green data centres is a significant stride in sustainable digital transformation. Leveraging the world's largest solar-powered data centre located in the Mohammed bin Rashid Al Maktoum Solar Park, this collaboration aligns with DIB's operational goals and the UAE's sustainability objectives. The data centre use of renewable energy sources not only enhances our efficiency and security but also significantly contributes to reducing the carbon footprint, resonating with the national agenda for environmental responsibility.

Tomorrow Today Campaign: A Reflection of the UAE's Sustainability Vision

Aligned with the UAE's Net Zero 2050 goal, the launch of Season 2 of our 'Tomorrow Today' campaign at COP28 represented an opportunity for us to communicate the importance of collective sustainability efforts. Each episode of the series, focusing on various sustainability initiatives like urban planning, food and water systems, health and well-being, and ecosystem projects, was a narrative interweaving DIB's effort with the broader sustainability objectives of the UAE.

Reflecting on COP28's Achievements

COP28 has bolstered our optimism and reaffirmed the importance of collective efforts in the global fight against climate change. This event has provided a roadmap for substantial progress in sustainability, and DIB remains steadfast in our commitment to support these efforts. Our involvement in COP28 is a testament to our dedication to integrating sustainable practices into our banking operations.

Our Commitment to a Sustainable Future

Our participation in COP28, along with our subsequent sustainability initiatives, underscores DIB's commitment to sustainable finance. As we continue to integrate these practices into all aspects of our operations, we align ourselves not only with the UAE's sustainability vision but also with the global movement towards a more sustainable future. Our journey in sustainable finance is an ongoing commitment, reflective of our role as a leader in Islamic finance and a proactive contributor to a sustainable and resilient global economy.

8. EMBED SUSTAINABILITY IN DECISION-MAKING

Embedding Sustainability and ESG in Our Decision-making at Dubai Islamic Bank

At Dubai Islamic Bank (DIB), embedding sustainability and Environmental, Social, and Governance (ESG) principles into our decision-making processes is an integral component of our path forward. This commitment shapes not only our operations but also our aspirations for the future.

Recognising the Imperative of Sustainable Decision-making

We understand that sustainable decision-making is crucial for long-term success and resilience. To this end, DIB has adopted a comprehensive, bank-wide strategy that embeds sustainability into every facet of our operations. Our approach is characterised by well-defined initiatives tailored to each of our sustainability pillars. These initiatives are structured with specific, time-bound actions, ownership allocation for effective implementation, and Key Performance Indicators (KPIs) to track progress and success. A dedicated team oversees these initiatives, ensuring a comprehensive approach leading up to 2030.

Milestones in Our Sustainability Journey

Our journey in weaving sustainability and ESG considerations into our decision-making has already seen significant progress. It's a journey that touches every aspect of our business, from how we interact with customers and communities to the way we manage risks and opportunities. This holistic integration demonstrates our dedication to responsible banking practices and sets us on a course toward a sustainable future.

Navigating ESG in Risk and Credit

In the realm of risk and credit, our commitment to ESG principles takes on a tangible form. We regularly report on defined ESG metrics that are part of our wider risk appetite.

We have developed an ESG Risk Policy which details our understanding and consideration of ESG risks, including environmental challenges like climate change, social risks related to labour and human rights, and governance risks centered around ethical business conduct. We recognise that assessing these risks involves a nuanced approach, utilising comprehensive ESG data and analytics, which we are steadily building capacity for. Risk measurement must be more than just an evaluative exercise; it's a crucial part of how we plan to approach credit and financing decisions, ensuring that our lending is both responsible and aligned with broader ESG goals.

ESG Governance

Our commitment to sustainability is reinforced by appropriate governance principles and committees, including a Management Sustainability Committee, comprising C-suite executives from across our business verticals. This committee's role is to ensure that sustainability is at the heart of our strategic planning and operational processes. Moreover, at the highest level, we have instituted a Board Sustainability Committee. This committee provides overarching guidance and direction, ensuring that our sustainability efforts are aligned with our corporate goals and the expectations of our stakeholders.

Empowering Sustainability Champions

Recognizing the importance of leadership in sustainability, DIB has taken the initiative to identify Sustainability Champions across our business verticals. These champions will be tasked with driving sustainability initiatives, fostering a culture of environmental responsibility, and ensuring that sustainability principles are ingrained in everyday business operations. They will serve as the front-line representatives and advocates of our sustainability agenda, playing a crucial role in its successful implementation across the bank.

A Collaborative Approach to Sustainability

We acknowledge that achieving sustainability within our operations and the broader system we operate in is a collective effort. It requires a shared commitment to making decisions with sustainability considerations at their core. We understand that every decision, whether it relates to our internal operations or our interactions with the wider community, has an impact. As such, we are dedicated to ensuring that these decisions are made with a nuanced understanding of their environmental and social implications. In embedding sustainability and ESG principles into our decision-making, DIB is not just complying with current expectations but is also proactively preparing for the future. It's a journey that underscores our commitment to being a responsible, forward-thinking institution, ready to meet the challenges of today and tomorrow.

FOCUS ON: ESG IN RISK AND CREDIT

In our concerted efforts to integrate Environmental, Social, and Governance (ESG) principles within Dubai Islamic Bank (DIB), the risk and credit domains stand out as critical areas where sustainability can have a profound impact. Our approach to ESG in these areas is both meticulous and forward-looking, aiming to align our financial practices with our sustainability goals.

ESG Risk Appetite

At DIB, we include ESG Risk in periodic reporting to the BRCGC and RMC in the form of indicators and thresholds, including ones relating to our environmental footprint and consumption of specific materials. We have also identified additions relating to monitoring our ratio of sustainable assets and liabilities, as well as external ESG ratings, and will incorporate these into our operations in 2024.

Challenges in Integrating ESG Risks and Our Strategic Response. The integration of ESG risks into our management processes is a nuanced endeavour, with several challenges:

- **Level of Uncertainty:** We acknowledge the unpredictable nature of policy and regulatory interventions, as well as the timing and effect of physical risks.
- **Data Insufficiency:** The lack of consistent, reliable, and comprehensive ESG data, especially for SMEs and entities in emerging markets, poses a significant challenge. We are working towards enhancing the availability and quality of such data.
- **Methodological Constraints:** Traditional risk management models often do not reflect ESG factors. We are evolving our methodologies to incorporate ESG risks in estimates like probability of default (PD) and loss given default (LGD).
- **Time-Horizon Mismatch:** The long-term nature of many environmental factors contrasts with the shorter strategic planning horizons traditionally used in financial institutions. We are aligning our strategic planning with long-term ESG goals to address this mismatch.
- **Multi-Point Impact of ESG Risks:** ESG risks can affect different financial risk categories, impacting an institution's financial position in multiple ways. For instance, environmental factors deteriorating certain economic activities can lead to higher credit losses or losses in market value.

Methodology and Integration in Credit Analysis

Our methodology for ESG risk assessment and integration into our credit analysis model is multi-layered. In 2023 we developed and tested an ESG scorecard to leverage expansive ESG data and analytics to assess the credit risk impact of environmental, social and governance factors, helping us understand and mitigate potential risks effectively.

In 2024 we will launch our scorecard and seek to rate a significant portion of our portfolio. We are committed to utilising the emerging portfolio profile to develop further risk appetite metrics.

Action Plan for Robust ESG Risk Management

In order to effectively conduct ESG risk management we recognise the need for appropriate identification of risks, accurate assessment of potential impact and setting appropriate actions based on targets and limits.

Our ESG Scorecard will enable us to classify assets based on their ESG characteristics, aiding in the identification of risks across asset classes, sectors, geographies, and maturity profiles; and subsequently the evaluation of the potential impact of ESG risks on the institution's exposures.

We are committed to our journey of incorporating ESG risks into our risk management and business strategy, supporting the monitoring and control of these risks, including setting targets and limits.

In summary, our approach to embedding ESG considerations in risk and credit at DIB is evolving and dynamic. We are continually adapting to new challenges and opportunities, ensuring that our practices not only comply with current standards but also propel sustainable banking practices in the region.

GOVERNANCE

Dubai Islamic Bank (DIB) understands that strong governance is not only a regulatory obligation but also a fundamental cornerstone of trust and integrity. Our corporate governance framework is carefully designed to ensure responsibility, accountability, transparency and fairness.
Our framework is structured to cover all our operations providing oversight, internal control and strategic guidance while adhering to the highest standards of regulatory compliance and ethics.
For further details please refer to our **Code of Corporate Governance**.

Oversight by the Board of Directors

The foundation of our governance structure lies in our Board of Directors which consists of esteemed professionals with extensive expertise in various fields. They provide guidance to ensure that the banks' actions align with our vision, purpose and values. Each member brings perspectives contributing to a comprehensive approach to governance.
Operating under the Board's umbrella, several specialised committees have been established; including a dedicated Board Sustainability Committee.

Sustainability and Ethical Governance

We integrate sustainability into our governance model by aligning our practices with the evolving environmental, social and governance (ESG) standards.
The Board Sustainability Committee aligns our sustainability efforts with strategic goals reinforcing our dedication to responsible banking.
The Management Sustainability Committee, consisting of senior leadership executives, is responsible for incorporating sustainability into our strategic and operational decisions. They ensure that our commitment to sustainability is reflected in all aspects of our business.

Risk Management, Compliance and Audit

Risk management, compliance and audit play a central role in ensuring the stability and integrity of our operations.
Our framework covers a wide range of risks, including ESG risks. We utilise tools and methodologies to effectively assess and mitigate these risks, and our teams provide assurance that end-to-end operations are conducted in adherence to policies and procedures.

Promoting Transparency

We are committed to regular disclosure and reporting. We provide comprehensive reports on our financial performance, corporate governance practices and sustainability efforts. We also actively engage in conversations with our shareholders, customers, employees, regulators and the wider community. By doing so we ensure that their perspectives and feedback shape our governance practices.

Commitment to Continuous Improvement

We understand that the banking sector is constantly evolving, which is why we are dedicated to continuously enhancing our governance practices. We regularly review our governance framework and ensure it is aligned with the needs of the organisation and regulatory requirements. This allows us to effectively address emerging challenges and seize opportunities, within the banking industry.
Additionally, our focus is on investing in the training and development of our Board members and employees. This ensures that they have the knowledge and skills to effectively carry out their governance responsibilities.

The governance practices at Dubai Islamic Bank are crucial to our identity and success. By adhering to governance standards, we not only meet regulatory requirements but also contribute to the sustainable and ethical growth of the financial sector. Moving forward we remain committed to enhancing our governance structure as it plays a role in supporting our strategic objectives while embodying the overarching principles of responsibility, accountability, transparency and fairness.

BOARD AND MANAGEMENT SUSTAINABILITY COMMITTEE MEMBERSHIPS

BOARD SUSTAINABILITY COMMITTEE		
Title	**Name**	**Role**
Mr.	Hamad Abdulla Rashed Al Shamsi	Chair
Mr.	Abdulaziz Ahmed Al Mheiri	Member
Mr.	Ahmad Mohammad Saeed Bin Humaidan	Member

MANAGEMENT SUSTAINABILITY COMMITTEE FORMATION	
Designation	**Name**
Chair	Group Chief Executive Officer
Vice Chair	Chief Sustainability Officer
Members	Chief Financial Officer
	Chief Operating Officer
	Group Chief Risk Officer
	Chief of International Business & RE Investments
	Chief of Investment Banking
	Chief of Corporate Banking
	Chief Consumer Banking Officer
	Chief of Treasury
	Chief Credit Officer
	Chief Digital Officer
	Head of Human Resources
	Head of Investor Relations & Strategic Communications
	Head of Organisational Effectiveness

2023 ESG DATA TABLES

Economic Performance

(GRI 201-1)

The ESG data table reflects our performance on key environmental, social and governance (ESG) indicators for the period 1 January to 31 December 2023. These data tables are prepared in reference to the Global Reporting Initiative (GRI) standards, the most widely used sustainability reporting framework in the world. We also align our reporting with the Sustainability Accounting Standards Board (SASB) standards, which provide industry-specific guidance on material ESG issues. Our ESG data tables demonstrate our commitment to transparency and accountability, as well as our progress towards achieving our sustainability goals and creating long-term value for our stakeholders. The scope of ESG tables covers our operations in UAE (DIB UAE) only with the exception of our financial performance figures which cover DIB's Group, subsidiaries, and associates in and outside of the UAE (Group).

CATEGORY	UNIT	SCOPE	2022	2023
Economic value generated				
Total revenue	Million AED	Group	10,467	11,665
Earnings before tax	Million AED	Group	5,631	7,108
Taxes reported	Million AED	Group	79	98
Economic value distributed and retained				
Operating costs	Million AED	Group	3,332	2,931
Total employee-related expenses (salaries and benefits)	Million AED	Group	1,583	1,724
Payments to providers of capital	Million AED	Group	2,210	2,572
Payment to government	Million AED	Group	-	-
Community investments	Million AED	Group	443	514
Economic value retained	Million AED	Group	2,898	3,923

Philanthropic Contributions and Business Ethics (GRI 203-1, GRI 205-2)

CATEGORY	UNIT	SCOPE	2021	2022	2023
CSR expense	Million AED	DIB UAE	243	342	549
Number of employees that the organisation's anti-corruption policies and procedures have been communicated to	No.	DIB UAE	1,831	1,920	2,040
Number of employees who received training on anti-corruption	No.	DIB UAE	28	117	1,999

Customer Relations and Management

CATEGORY	UNIT	SCOPE	2021	2022	2023
Net Promoter Score (NPS)*	Score	DIB UAE	-**	37	45

*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.

Data privacy (GRI 418-1)

CATEGORY	UNIT	SCOPE	2021	2022	2023
Complaints received from outside parties and substantiated by the organisation	No.	DIB UAE	4	3	1
Complaints from regulatory bodies*** and substantiated by the organisation	No.	DIB UAE	0	0	0

*** Regulatory body: i.e., Central Bank of the UAE.

Board of Directors (GRI 2-9)

CATEGORY	UNIT	SCOPE	2021	2022	2023
Number of members	No.	DIB UAE	9	8	9
Number of independent members	No.	DIB UAE	5	5	4
Executive members of the Board of Directors	No.	DIB UAE	1	0	0
Non-executive members of the board of Directors	No.	DIB UAE	8	8	9
Female members on the Board	No.	DIB UAE	0	0	1
Directors Code of Conduct	-	DIB UAE	Yes	Yes	Yes

2023 ESG DATA TABLES

Social Performance

All social indicators have been reported for DIB operations in the UAE, including our Headquarters in Dubai, operational offices and branches.

Workforce (GRI 2-7, GRI 405-1)

CATEGORY	EMPLOYEES	UNIT	2022	2023
Senior Management	Male	No.	18	17
	Female	No.	1	1
	<30	No.	0	0
	30-50	No.	6	6
	>50	No.	13	12
Middle Management	Male	No.	851	940
	Female	No.	167	218
	<30	No.	10	15
	30-50	No.	790	917
	>50	No.	218	226
Non-management	Male	No.	357	338
	Female	No.	527	526
	<30	No.	262	304
	30-50	No.	557	496
	>50	No.	65	64
Employees Total (excluding trainees, students and outsourced staff)	Male	No.	1225	1295
	Female	No.	695	745
	<30	No.	272	319
	30-50	No.	1353	1419
	>50	No.	295	302

Employees on a temporary contract (GRI 2-7)

CATEGORY	TYPE OF WORK	UNIT	2021	2022	2023
Contractual employees	Total	No.	-	-	-

Workers who are not employees (GRI 2-8)

CATEGORY	TYPE OF WORK	UNIT	2022	2023
Workers who are not employees	Temporary	No.	1266	268

People of determination

CATEGORY	EMPLOYEES	UNIT	2021	2022	2023
People of Determination (PoD)	as a % of the total workforce	%	0.54	0.94	0.64

Emiratisation

CATEGORY	EMPLOYEES	UNIT	2021	2022	2023
Emiratisation	% of Emirati Employees	%	45	45	44

Details of performance & career development reviews (GRI 404-3)

CATEGORY	EMPLOYEES	UNIT	2021	2022	2023
Senior Management	Male	No.	1	1	4
	Female	No.	-	-	-
Middle Management	Male	No.	32	32	36
	Female	No.	24	24	16
Non-management	Male	No.	12	12	3
	Female	No.	33	33	12

New employee hires (GRI 401-1)

CATEGORY	EMPLOYEES	UNIT	2021	2022	2023
Employees	Total	No.	72	317	290

CATEGORY	EMPLOYEES	UNIT	2022	2023
Gender - Employees	Male	No.	155	164
	Female	No.	162	126
<30	Male	No.	29	36
	Female	No.	113	86
30-50	Male	No.	117	123
	Female	No.	49	40
>50	Male	No.	9	5
	Female	No.	0	0

Employee Turnover Rate - Gender (GRI 401-1)

CATEGORY	EMPLOYEES	UNIT	2021	2022	2023
Employees	Total	No.	168	232	178
	-	%	9	12	9

Employee Turnover - Age (GRI 401-1)

CATEGORY	EMPLOYEES	UNIT	2022	2023
<30	Male	No.	18	17
	Female	No.	62	41
30-50	Male	No.	82	65
	Female	No.	43	33
>50	Male	No.	26	20
	Female	No.	1	2

Employee Training (GRI 404-1)

CATEGORY	UNIT	2021	2022	2023
Senior Management	Total hours of training	1,885	546	317
Middle Management	Total hours of training	30,570	26,100	31,801
Non-management	Total hours of training	37,397	28,566	38,948
Total no. of Males	Avg. hours of training per employee	28.7	22.4	26.7
Total no. of Females	Avg. hours of training per employee	55.7	40	48

Parental Leave (permanent employees) (GRI 401-3)

CATEGORY		2022		2023	
	UNIT	MALE	FEMALE	MALE	FEMALE
Employees entitled to parental leave	No.	1,083	371	1196	434
Employees that took parental leave	No.	49	39	45	37
Employees that returned to work in the reporting period after parental leave ended	No.	49	39	45	37
Employees that returned to work after parental leave ended that were still employed 12 months after their return to work	No.	45	37	43	36
Rate of return to work that took parental leaves	%	100	100	100	100
The retention rate of employees that took parental leave	%	92	95	96	97

Benefits provided to permanent employees (GRI 401-2)

CATEGORY	UNIT	RESPONSE
DAY CARE FACILITIES	Yes/No	Yes
Health insurance	Yes/No	Yes
Disability	Yes/No	Yes
Parental leave (maternity leave or paternity leave)	Yes/No	Yes

Minimum notice period regarding operational changes (GRI 402-1)

CATEGORY	UNIT	2023
Minimum number of weeks notice typically provided to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them	No.	4

Proportion of spending on local suppliers (GRI 204-1)

CATEGORY	UNIT	2021	2022	2023
Total no. of suppliers	Nos.	1,728	1,456	1678
Total procurement spend	Million AED	903	964	1,157
Procurement spend on locally-based suppliers	Percentage of total	93	92	93

2023 ESG DATA TABLES

Environmental Performance

Energy consumption (GRI 302-1)

CATEGORY	UNIT	2021 SCOPE	2021	2022 SCOPE	2022	2023 SCOPE	2023
Total Petrol Consumption	Litres	DIB UAE	74,160	DIB UAE	96,980	DIB UAE	75,070
Total Diesel Consumption	Litres	DIB UAE	16,890	DIB UAE	17,400	DIB UAE	8,500
Total Electricity Consumption (from non-renewable sources)*	kWh	DIB Dubai	6,681,584	DIB UAE**	14,233,837	DIB UAE**	19,210,335
Energy from Total Fuel Consumption	GJ	DIB UAE	3,235	DIB UAE	4,056	DIB UAE	2,942
Energy from Total Electricity Consumption*	GJ	DIB Dubai	24,053.7	DIB UAE	51,241.7	DIB UAE	69,157

GHG emissions (GRI 305-1,GRI 305-2, GRI 305-3, GRI 305-4)

CATEGORY	UNIT	2021 SCOPE	2021	2022 SCOPE	2022	2023 SCOPE	2023
Scope 1	tCO2e	DIB UAE	227.3	DIB UAE	284.4	DIB UAE	228.43
Scope 2	tCO2e	DIB Dubai***	2,845	DIB UAE*	5,751.8	DIB UAE	7,762.90
Scope 3**	tCO2e	DIB UAE	20	DIB UAE	61.30	DIB UAE	78.62
Total GHG emissions	tCO2e	DIB UAE	3,092.4	DIB UAE	6,036.2	DIB UAE	8,070
GHG emission intensity	tCO2e/revenue in Million AED	DIB UAE	1.69	DIB UAE	3.14	DIB UAE	3.96

Definitions: DIB UAE refers to buildings, offices and branches within our operational control in the UAE. DIB Dubai covers the emirate of Dubai only.
Scope 1*: Petrol and diesel consumption, which are major contributors for our Scope 1 emissions, have increased as employees travel more for business with Covid-19 restrictions removed. CO2, CH4 and N2O emissions were considered in the calculation of Scope 1 emissions.
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**: Covers total electricity consumption which includes buildings within our operational control in the UAE. This includes over 85% data coverage across all branches and offices in the UAE. CO2 emissions were considered in the calculation of Scope 2 emissions.
In the absence of the availability of latest emission factors for other emirates, Scope 2 emissions were calculated using the emission factor provided by Dubai Electricity & Water Authority (DEWA) in their Sustainability report 2022.
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.
Scope 3***: Only includes air travel for DIB UAE, this has increased as more of our employees are travelling after Covid-19. It was calculated using Greenhouse Gas Protocol Technical Guidance for Calculating Scope 3 Emissions.
****Scopes 1 and 3 cover DIB UAE in 2021, but Scope 2 only covers emissions in the emirate of Dubai (DIB Dubai).

Water management (GRI 303-5)

CATEGORY	UNIT	2021 SCOPE	2021	2022 SCOPE	2022	2023 SCOPE	2023
Water consumption (municipal)	kL	DIB HQ	5,044	DIB UAE	21,384	DIB UAE Monthly bill generated through Utility portals	27,524.52
Water consumption (third party supplier-drinking water)	kL	DIB UAE	1,163	DIB UAE	1,185	Selected locations in the UAE	1,306.39

Waste management (GRI 306-3,GRI-306-4, GRI 306-5,)

CATEGORY	UNIT	2021 SCOPE	2021	2022 SCOPE	2022	2023 SCOPE	2023
Total waste generated	Tonnes	DIB UAE	399.94	DIB UAE	379.8	Selected locations in the UAE	558.58
Total waste recycled*	Tonnes	DIB UAE	2.22	DIB UAE	3.7		19.62
Total waste sent to landfill	Tonnes	DIB UAE	397.72	DIB UAE	376.1		538.96

*Waste is recycled at 4 of our office buildings within the UAE. We only recycle paper at these offices, with 100% of paper waste recycled.

2023 ESG DATA TABLES

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 [1st January 2023 to 31st December 2023] with reference to the GRI Standards.

GRI STANDARD	DISCLOSURES	LOCATION
GRI 2: General Disclosures 2021	2-1 Organisational details	About DIB
	2-2 Entities included in the organisation 's sustainability reporting	About DIB
	2-3 Reporting period, frequency, and contact point	About this report
	2-4 Restatements of information	There is no restatement of information
	2-5 External assurance	Limited External Assurance Statement Report is available at the end of report.
	2-6 Activities, value chain and other business relationships	About DIB
	2-7 Employees	Appendix- ESG Data Tables- Workforce
GRI 2: General Disclosures 2021	2-8 Workers who are not employees	Appendix- Data Tables- Workforce
	2-9 Governance structure and composition	Governance section & Data Tables
	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_16
	2-11 Chair of the highest governance body	Governance section
	2-12 Role of the highest governance body in overseeing the management of impacts	Governance section
	2-13 Delegation of responsibility for managing impacts	Governance Section
	2-14 Role of the highest governance body in sustainability reporting	Governance Section

	2-15 Conflicts of interest	Code of Corporate Governance https://www.dib.ae/docs/default-source/disclosures/code-of-corporate-governance.pdf?sfvrsn=62b61861_16
	2-16 Communication of critical concerns	Code of Corporate Governance https://www.dib.ae/docs/default-source/disclosures/code-of-corporate-governance.pdf?sfvrsn=62b61861_16
	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_16
	2-19 Remuneration policies	Code of Corporate Governance https://www.dib.ae/docs/default-source/disclosures/code-of-corporate-governance.pdf?sfvrsn=62b61861_16
	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_16
	2-21 Annual total compensation ratio	This is confidential information as per our internal policies
	2-22 Statement on sustainable development strategy	Chairman & GCEO Messages
	2-23 Policy commitments	Upholding the Code of Conduct
	2-24 Embedding policy commitments	Drive Transparency and Disclosure
	2-27 Compliance with laws and regulations	Drive Transparency and Disclosure
	2-28 Membership associations	Membership of association
	2-29 Approach to stakeholder engagement	Why Sustainability Matters to Us & Stakeholder Engagement
	2-30 Collective bargaining agreements	Collective bargaining is prohibited as per UAE law and therefore not reported for DIB
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality
	3-2 List of material topics	Materiality
	3-3 Management of material topics	Our Performance

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	Focus On: Community Well-being and UN SDGs
	203-2 Significant indirect economic impacts	Focus On: Community Well-being and UN SDGs
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	Compliance Management at DIB
GRI 207: Tax 2019	207-1 Approach to tax	Tax Transparency
	207-2 Tax governance, control, and risk management	Tax Transparency
	207-3 Stakeholder engagement and management of concerns related to tax	Tax Transparency
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 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	Appendix- Data Tables- Employee 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	-
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Financial Literacy Campaign
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data Tables - Data Privacy

2023 ESG DATA TABLES

SASB Content Index

The scope of data covered in the table below covers our business in DIB UAE only and reported for the period 1 January to 31 December 2023, unless stated otherwise.

COMMERCIAL BANKING	**Data Security**	Description of approach to identifying and addressing data security risks	Discussion and Analysis	FN-CB-230a.2	Data Security and Privacy has been identified as one of our key material topics and discussed in the report under the Materiality section
	Financial Inclusion & Capacity Building	(2) amount of loans outstanding qualified to programs designed to promote small business and community development2	Quantitative	FN-CB-240a.1	(2)Employment Generation* AED 2,641 (AED million) as of 31 August 2023 Please refer to our sustainable finance report available on DIB website for more information
		Number of participants in financial literacy initiatives for unbanked, underbanked, or under-served customers	Quantitative	FN-CB-240a.4	1,200 students in 2023. (4,000 students since the inception of program.) Please refer to Financial Literacy Campaign section in report for more detail
	Incorporation of Environ-mental, Social, and Governance Factors in Credit Analysis	Description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis	Discussion and Analysis	FN-CB-410a.2	Refer to the section, Focus on: ESG in Risk and Credit under the priority area Embed Sustainability in Decision-making

COMMERCIAL BANKING	**Business Ethics**	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Quantitative	FN-CB-510a.1	In 2023, DIB did not incur any financial losses from judgments related to the breaches outlined in FN-CB-510a.1
	Systemic Risk Manage-ment	Global Systemically Important Bank (G-SIB) score, by category	Quantitative	FN-CB-550a.1	The Central Bank of the United Arab Emirates (CBUAE) has classified Dubai Islamic Bank (DIB) as a Domestic Systemically Important Bank (D-SIB). This means that DIB is subject to additional regulatory requirements and supervision by the CBUAE
		Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	Discussion and Analysis	FN-CB-550a.2	Bank has performed a standalone Climate Risk related Stress testing during 2023 and the results for the same were submitted to the regulator. Bank's long strategy pivots on effective risk management and there is robust framework in place
	Activity Metric	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate6	Quantitative	FN-CB-000.B	The value of financing by segments (consumer & corporate) is reported quarterly in our investor presentation. Please refer to page nos 12 & 13 of the FY2023 Investor Presentation available on the Investor Relation (IR) website (link)

CONSUMER FINANCE	**Activity Metric**	Number of unique consumers with an active (1) credit card account and (2) pre-paid debit card account[7]	Quantitative	FN-CF-000.A	Credit Cards Total # Distinct Customers*** **285,274** Debit Cards Total # Distinct Customers **1,025,805**
		Number of (1) credit card accounts and (2) pre-paid debit card accounts	Quantitative	FN-CF-000.B	Credit Cards Total Accounts/Cards** in force **418,127** Debit Cards Total Accounts/Cards in force **1,124,265**
	Data Security	Description of approach to identifying and addressing data security risks (a) residential and (b) commercial	Discussion and Analysis	FN-CF-230a.3	Data Security and Privacy has been identified as one of our key material topics and discussed in the report under the Materiality section.

* Employment generation refers to Financing and/or refinancing to SMEs and microfinance clients, as well as the provision of support measures to these clients such as offering extension of payment periods during natural disasters and pandemics.
SMEs are defined in line with the UAE Central Bank Circular No. 1/2021 dated 26/02/2021 under Article 1 point a. & b.
**Accounts/Cards in force: At month end level the total # of accounts/Cards in force.
*** Distinct Customers: At month end level the total # of distinct customers in force.

MORTGAGE FINANCE	**Activity Metric**	(1) Number of mortgages originated residential	Quantitative	FN-MF-000.A	20,884
		(2) Value of mortgages originated residential			AED 21,532,534,903
		(1) Number of mortgages originated commercial	Quantitative	FN-MF-000.A	160
		(2) Value of mortgages originated commercial			AED 149,277,046

ASSURANCE STATEMENT

ASSURANCE STATEMENT

SGS GULF LTD'S REPORT ON SELECTED KPI'S AND REPORTED WITHIN SUSTAINABILITY ACTIVITIES IN THE DUBAI ISLAMIC BANK PJSC'S '2023 SUSTAINABILITY REPORT' FOR THE REVIEW PERIOD OF 1ST JANUARY 2023 to 31ST DECEMBER 2023.

NATURE OF THE ASSURANCE/VERIFICATION

SGS Gulf LTD (hereinafter referred to as SGS) was commissioned by Dubai Islamic Bank PJSC (hereinafter referred to as 'the Bank', 'the Organisation') to conduct an independent assurance of the organisation's selected KPIs included within the '2023 Sustainability Report' (hereinafter referred to as the 'report').

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all Dubai Islamic Bank PJSC's Stakeholders.

RESPONSIBILITIES

The information in the Report and its presentation are the responsibility of the directors and the management of The Dubai Islamic Bank PJSC. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the text, data, graphs, and statements within the scope of verification with the intention of informing all the Banks' stakeholders.

ASSURANCE STANDARDS, TYPE, AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognised assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 3 2021 for organisation's process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within the ISAE3000 and ISAE3410.

The assurance of this report has been conducted according to the following Assurance Standards:

	Assurance Standard	Level of Assurance
A	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)	n/a
B	ISAE3000	Limited
C	ISAE3410	Limited

Assurance has been conducted at a 'limited' level of scrutiny for below mentioned scope of the Bank selected KPIs that are included in the report.

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included the evaluation of quality, accuracy, and reliability of specified performance information as detailed below and the evaluation of adherence to the following reporting criteria:

Reporting Criteria	
1	GRI (with reference to)

SPECIFIED PERFORMANCE INFORMATION AND DISCLOSURES INCLUDED IN THE SCOPE

KPI	Considered Scope
GHG emissions - Scope 1	UAE
GHG emissions - Scope 2	UAE
GHG emissions - Scope 3 Upstream activity (Business Travel)	UAE
Water Consumption - Municipal - General Use Water from Utility Company	UAE
Water Consumption - Drinking bottled water (5L and 2L water)	Selected Locations in UAE
Waste Generated - Paper waste	Selected Locations in UAE
Waste Generated – General - Plastic (tea cups, cutleries), tissues, food	Selected Locations in UAE
Employee count by gender	UAE
New employee hires by age and gender	UAE
Employee turnover by age and gender	UAE
Average training hours per employee	UAE

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, virtually conducted interviews with relevant employees and management; documentation, and record review. The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

ENVIRONMENTAL KPI'S:

- Scope 1 & 2 emissions by source (tCO2e)
- Scope 3 emissions for Business Travel (Category 6)
- Water Consumption
- Waste Generation

Environmental Data

CO2 emissions from own operations were verified at a limited level of assurance according to assurance standard ISAE3410 specification with guidance for the validation and verification of Greenhouse Gas assertions, to establish conformance with the requirements of the GRI305 (305-1, 305-2, 305-3) Emissions (2016) Standard WRI/WBCSD based on GHG Protocol – A Corporate Accounting and Reporting Standard ('The WRI/WBCSD GHG Protocol'), within the scope of the verification. The materiality required for the verification was considered by SGS to be below 10%, based on the needs of the intended user. The engagement included verification of emissions from anthropogenic sources of greenhouse gases included within the organisation's boundary and meeting the requirements of the GRI305 (305-1, 305-2, 305-3) Emissions (2016) Standard based on WRI/WBCSD GHG Protocol. The organisational boundary was established following the operational control approach.

- Description of activities: Banking services.
- Location/boundary of the activities: United Arab Emirates only.
- Physical infrastructure, activities, technologies, and processes of the organisation: Bank branches and offices.
- GHG sources, sinks, and/or reservoirs included:
  - Scope 1 – mobile and stationary combustion.
  - Scope 2 – purchased electricity.
- Types of GHGs included: CO2, N2O, CH4 (HFC's, PFC's, SF6 and NF3 are excluded).
- Directed actions: none.

SGS concludes with limited assurance that there is no evidence to suggest that the presented CO2 equivalent assertion is not materially correct and is not a fair representation of the CO2 equivalent data and information and is not prepared following the requirements of the WRI/WBCSD GHG Protocol. We planned and performed our work to obtain the information, explanations, and evidence that we considered necessary to provide a limited level of assurance that the CO2 equivalent emissions for the calendar year 2023 are fairly stated. This statement shall be interpreted with the CO2 equivalent assertion of the Dubai Islamic Bank PJSC as a whole.

The Dubai Islamic Bank provided the GHG assertion based on the requirements of the GRI305 (305-1, 305-2, 305-3) Emissions (2016) Standard, based on the WRI/WBCSD GHG Protocol, Corporate Accounting & Reporting Standard.

Verified emissions by scope are as follows:
Scope 1 (Direct): 228.43 tCO2e
Scope 2 – Location based (Indirect): 7,762.90 tCO2e
Scope 3 – Business Travel: 78.62 tCO2e

Other verified environmental KPIs.
Water Consumption (GRI303-5) – 28,830.91 kl
Waste Generated (GRI306-1) – 558.58 t

SOCIAL KPI'S
Submitted select Social KPIs were verified at a limited level of assurance according to assurance standard ISAE3000 for reporting in reference to the requirements of the GRI401-1, GRI404-1 & GRI405-1 within the scope of the verification. The materiality required for the verification was considered by SGS to be below 10%, based on the needs of the intended user.

The assurance comprised a combination of:

- Pre-assurance research
- Remote interview with managers with responsibility for reporting
- Review of documentation and evidence for materiality and stakeholder engagement processes
- Remote interviews with the managers responsible for internal data collection for each KPI
- Document review of management systems, policies, and procedures relevant to reporting the KPIs in scope
- Remote interrogation of and testing of relevant data collection systems and procedures, including interviews with relevant data analysts and data accuracy checking
- Final data verification checks to ensure KPI data is accurate and aligns with expectations.

Verification was conducted upon all KPIs within the verification scope as an evaluation of historical data and information to determine whether the reported KPI data is materially correct and conforms to the criteria described above.

Verified Social KPIs

Employee Count by Gender

Category	Employees	Unit	2023
Gender - Employees	Male	No.	1295
	Female	No.	745

New Employee Hires by Age & Gender

Category	Employees	Unit	2023
Gender - Employees	Male	No.	164
	Female	No.	126
<30	Male	No.	36
	Female	No.	86
30-50	Male	No.	123
	Female	No.	40
>50	Male	No.	5
	Female	No.	0

Employee Turnover by Age & Gender

Category	Employees	Unit	2023
Gender - Employees	Male	No.	102
	Female	No.	76
<30	Male	No.	17
	Female	No.	41
30-50	Male	No.	65
	Female	No.	33
>50	Male	No.	20
	Female	No.	2

Average Hours of Training Per Employee

Participants / Gender		71066
Male	No. of participants	1311
	Hours (Total hours throughout FY 2023)	34978
Female	No. of participants	752
	Hours (Total hours throughout FY 2023)	36088
Average Hours of Training per Employee		34.45

LIMITATIONS AND MITIGATION

The scope of this assurance work is limited to the organisation selected and submitted KPIs.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing, and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social, and ethical auditing, and training; environmental, social, and sustainability report assurance. SGS affirms our independence from the Dubai Islamic Bank PJSC, being free from bias and conflicts of interest with the organisation, its subsidiaries, and stakeholders. The assurance team was assembled based on their knowledge, experience, and qualifications for this assignment, and comprised auditors of relevant qualifications, experience, and approvals.

FINDINGS AND CONCLUSIONS

ASSURANCE/VERIFICATION OPINION

Based on the methodology described and the verification work performed, nothing has come to our attention that causes us to believe that the specified performance information included in the scope of assurance is not fairly stated and has not been prepared, in all material respects, in accordance with the reporting criteria. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

QUALITY AND RELIABILITY OF SPECIFIED PERFORMANCE INFORMATION

The Dubai Islamic Bank PJSC has taken the voluntary initiative of disclosing sustainability-related performance information and obtaining external independent assurance for selected KPIs. Within the scope of this assurance engagement, the bank has demonstrated adequate policies, processes, procedures, and systems in place to ensure mitigation of risks and better control.

Good Practice

- The Bank has reported on its material issues and the process of establishing materiality.
- The Bank operates an adequate data accounting and reporting process and the emission calculator used was found to be robust enough to provide accurate and consistent results when tested.
- The Bank is seeking to minimise its environmental impact by establishing critical baseline data and continuous information on specific metrics as per identified material issues and prioritized topics.

Opportunities for Improvement

- Consider increasing the number of KPIs that are submitted for assurance and also increasing the proportion of the sustainability report being assured.
- Consider obtaining an external assessment of the stakeholder engagement and materiality assessment process.
- Further integration of sustainability objectives within overarching objectives and performance monitoring would drive continuous improvement.
- Consider widening the scope of disclosure to embed an adequate proportion of the bank's overall operation.

Signed:

For and on behalf of SGS GULF LTD
Thalaimalai Rajan Palanichamy, Director – Knowledge Solutions, Arabian Peninsula
Dubai, UAE
22nd January, 2024

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