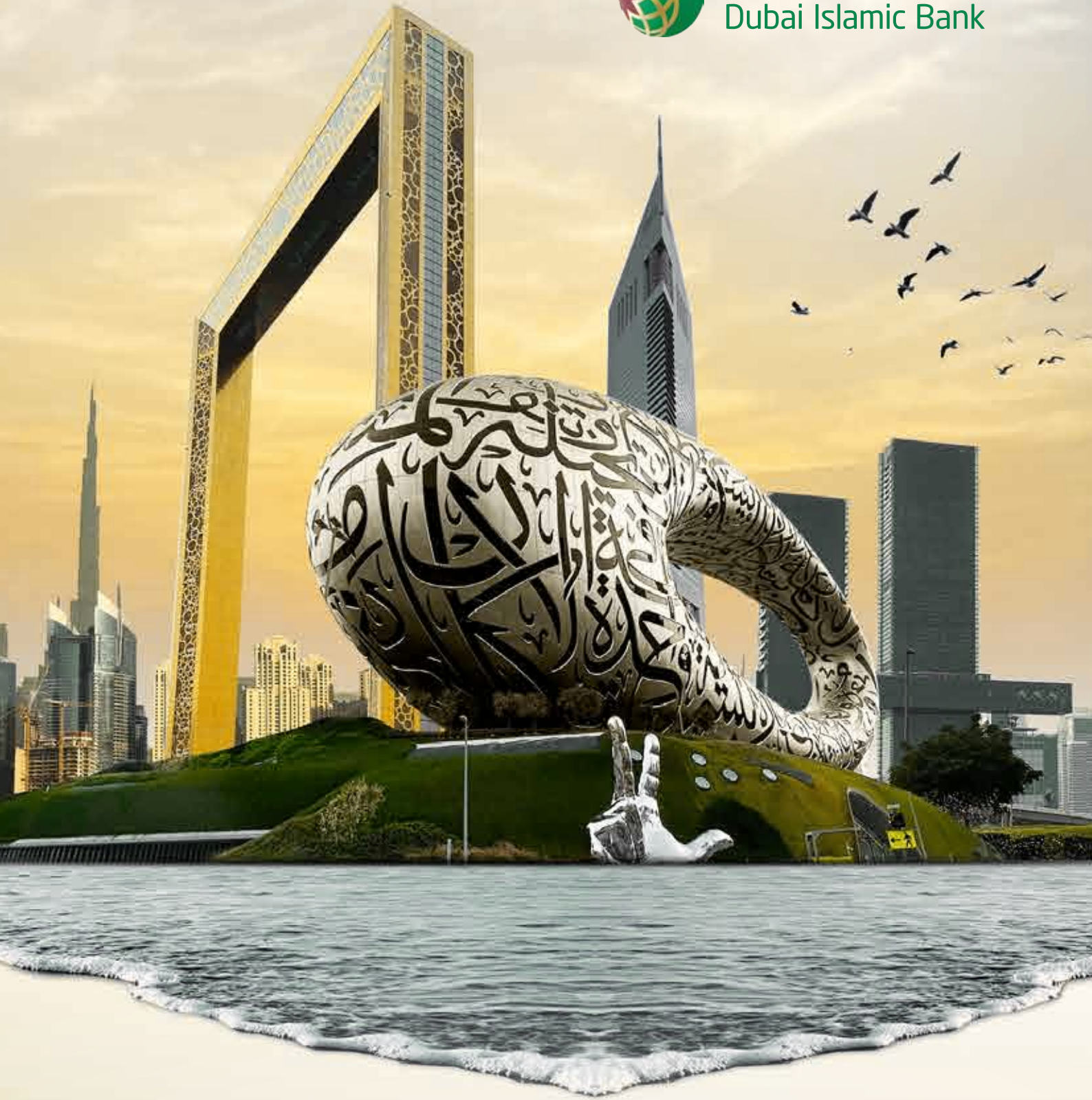




بنك دبي الإسلامي
Dubai Islamic Bank



Pillar 3 Disclosures Report

For the three-month period ended 31 March 2025

Table of Contents

1. Overview and Introduction	3
1.1. Scope of reporting	3
1.2. Basel Regulatory Framework	3
1.3. Implementation and Compliance of Basel Framework	3
1.4. Internal review and verification	3
2. Key metrics of the Group (KM1)	4
3. Overview of RWA (OV1)	6
4. Leverage ratio	7
4.1. Summary comparison of accounting assets vs leverage ratio exposure measure (LR1)	7
4.2. Leverage ratio common disclosure template (LR2)	8
5. Liquidity Risk	9
5.1. Liquidity Coverage Ratio - LCR (LIQ1)	9



1. Overview and Introduction

This document (as 'Pillar III disclosures report'), in line with the requirements and guidelines of Central Bank of UAE (the "CBAUE"), presents Pillar III disclosures of Dubai Islamic Bank (Public Joint Stock Company) including its banking subsidiaries (as the "Bank") and all other subsidiaries (as the "Group").

The Pillar 3 report also provides in-depth information about the Group's regulatory capital structure, sources and its adequacy, risk exposures, liquidity position, risk management objectives, policies and assessment processes.

The Pillar 3 report aims to provide information to the users of this report, in a clear, concise, and consistent manner. It enables market users to access key information about the Group in a transparent manner which can be easily compared with other market participants.

1.1. Scope of reporting

This report has been prepared on the consolidated basis, comprising of the parent, its banking and other financial subsidiaries, except where specifically mentioned otherwise.

1.2. Basel Regulatory Framework

The Basel Regulatory Accord framework consists of the following three main pillars:

- Pillar I - defines the regulatory minimum capital requirements by providing rules and regulations for measurement of credit risk, market risk and operational risk.
- Pillar II - addresses the Bank's Internal Capital Adequacy Assessment Process ("ICAAP") for assessing the overall capital adequacy in addition to Pillar I. Pillar II also introduces the Supervisory Review and Evaluation Process ("SREP"), which is used as a tool to assess the internal capital adequacy of banks; and
- Pillar III - complements the other two pillars and focuses on enhanced transparency in information disclosure, covering risk and capital management, including capital adequacy which encourages market discipline and allows market participants to assess specific information.

CBAUE has established regulatory thresholds for Common Equity Tier 1, Tier 1 and overall regulatory Capital.

- CET1 must be at least 7.0% of risk weighted assets (RWA).
- Tier 1 Capital must be at least 8.5% of RWA.
- Total Capital must be at least 10.5% of RWA.

On top of this minimum capital requirement, CBAUE has also mandated all the banks to keep additional buffers i.e., capital conservation buffer (CCB) of 2.5% of RWAs and a specific "D-SIB" buffer of 0.5% of RWA for DIB. The banks

are also subject to counter-cyclical buffer (CCyB) that varies between zero and 2.5% of total risk weighted assets. CCyB is currently at 0.0017% for DIB with respect to credit exposures in jurisdictions attracting counter-cyclical buffer.

CBAUE has increased the CCyB requirement on the private sector credit exposures in the UAE from 0% to 0.50%. The requirement will be effective on 1 January 2026 with a phase-in period of 12 months, beginning on 1 January 2025.

1.3. Implementation and Compliance of Basel Framework

The Bank has been in compliance with Basel Accord guidelines since December 2007, in accordance with CBAUE directives on the Standardised Approach for Credit, Market and Operational Risk.

In compliance with the CBAUE guidelines and Basel accords, these disclosures include information on the Group's risk management objectives and policies, risk assessment processes and computation, capital management and capital adequacy.

The Bank will ensure the smooth implementation of any forthcoming new guidelines and disclosure requirements from the regulator.

1.4. Internal review and verification

This document, Pillar III disclosures report for the three-month period ended 31 March 2025, has been audited by Group Internal Audit (GIA).



2. Key metrics of the Group (KM1)

The below table provides an overview of the Bank's key prudential metrics related to regulatory capital, capital adequacy, minimum capital ratio requirement, additional buffers, leverage ratio and liquidity ratios.

AED '000'

S. No	Particulars	31 Mar 2025	31 Dec 2024	30 Sept 2024	30 Jun 2024	31 Mar 2024
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	35,634,702	34,035,967	36,053,021	34,387,610	32,903,768
1a	Fully loaded ECL accounting model	-	-	-	-	-
2	Tier 1	42,980,702	44,136,717	44,317,271	42,651,860	41,168,018
2a	Fully loaded ECL accounting model Tier 1	-	-	-	-	-
3	Total capital	46,010,113	47,062,141	47,273,652	45,517,477	44,042,827
3a	Fully loaded ECL accounting model total capital	-	-	-	-	-
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	266,545,023	257,207,564	258,677,801	251,751,403	251,743,668
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	13.4%	13.2%	13.9%	13.7%	13.1%
5a	Fully loaded ECL accounting model CET1 (%)	-	-	-	-	-
6	Tier 1 ratio (%)	16.1%	17.2%	17.1%	16.9%	16.4%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	-	-	-	-	-
7	Total capital ratio (%)	17.3%	18.3%	18.3%	18.1%	17.5%
7a	Fully loaded ECL accounting model total capital ratio (%)	-	-	-	-	-
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.5%	2.5%	2.5%	2.5%	2.5%
9	Countercyclical buffer requirement (%) ¹	0.0%	0.0%	0.0%	0.0%	0.0%
10	Bank D-SIB additional requirements (%)	0.5%	0.5%	0.5%	0.5%	0.5%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	3.0%	3.0%	3.0%	3.0%	3.0%
12	CET1 available after meeting the bank's minimum capital requirements (%)	6.4%	6.2%	6.9%	6.7%	6.1%
Leverage Ratio						



AED '000'

S. No	Particulars	31 Mar 2025	31 Dec 2024	30 Sept 2024	30 Jun 2024	31 Mar 2024
13	Total leverage ratio measure	370,709,994	359,668,206	345,187,023	338,455,778	342,959,047
14	Leverage ratio (%) (row 2/row 13)	11.6%	12.3%	12.8%	12.6%	12.0%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2a/row 13)	-	-	-	-	-
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	-	-	-	-	-
Liquidity Coverage Ratio ²						
15	Total HQLA	59,220,568	61,496,995	48,438,757	51,621,837	60,088,225
16	Total net cash outflow	44,323,982	38,591,203	34,526,926	35,367,462	35,840,527
17	LCR ratio (%)	133.6%	159.4%	140.3%	146.0%	167.7%
Net Stable Funding Ratio ²						
18	Total available stable funding	236,085,365	240,737,338	223,443,867	221,831,240	219,827,960
19	Total required stable funding	224,754,568	215,718,155	212,757,741	205,200,377	207,020,685
20	NSFR ratio (%)	105.0%	111.6%	105.0%	108.1%	106.2%
ELAR ³						
21	Total HQLA	-	-	-	-	-
22	Total liabilities	-	-	-	-	-
23	Eligible Liquid Assets Ratio (ELAR) (%)	-	-	-	-	-
ASRR ⁴						
24	Total available stable funding	-	-	-	-	-
25	Total Advances	-	-	-	-	-
26	Advances to Stable Resources Ratio (%)	-	-	-	-	-

¹ CCyB is at 0.0017% for 31 March 2025 (0.0037% for 31 December 2024).² LCR and NSFR are calculated as at the end of each period. For average LCR, refer to table LIQ1.³ ELAR is not applicable.⁴ ASRR is not applicable.



3. Overview of RWA (OV1)

The below table provides an overview of the total RWA(s) (forming the denominator of the risk-based capital requirements).

AED '000'

S. No	Particulars	Risk weighted assets (RWA)		Minimum capital requirements ¹	
		31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
1	Credit risk (excluding counterparty credit risk) ²	240,305,543	232,237,218	25,232,101	24,384,908
2	Of which: standardised approach (SA)	240,305,543	232,237,218	25,232,101	24,384,908
6	Counterparty credit risk (CCR)	1,234,655	997,340	129,639	104,721
7	Of which: standardised approach for counterparty credit risk	1,234,655	997,340	129,639	104,721
12	Equity investments in funds - look-through approach	-	-	-	-
13	Equity investments in funds - mandate-based approach	444,898	431,715	46,714	45,330
14	Equity investments in funds - fallback approach	367,618	367,618	38,600	38,600
15	Settlement risk	183	-	19	-
16	Securitisation exposures in the banking book	-	-	-	-
18	Of which: securitisation external ratings-based approach (SEC-ERBA)	-	-	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-	-	-
20	Market risk ³	2,740,303	2,110,429	287,732	221,595
21	Of which: standardised approach (SA)	2,740,303	2,110,429	287,732	221,595
23	Operational risk	21,451,823	21,063,244	2,252,441	2,211,641
26	Total (1+6+12+13+14+15+16+20+23)	266,545,023	257,207,564	27,987,227	27,006,795

¹ The minimum capital requirement applied is 10.5% in line with the guidance of Pillar 3 disclosures. In addition to this, the Bank is required to maintain a combined buffer of 3% (including CCyB) to CET 1.

² Including CVA but excluding equity investment in funds and Settlement risk.

³ Increase in Market Risk RWA is primarily driven by increase in FX Risk.



4. Leverage ratio

4.1. Summary comparison of accounting assets vs leverage ratio exposure measure (LR1)

The below table provides reconciliation of the total assets in the published financial statements to the leverage ratio exposure measure.

AED '000'			
S. No.	Particulars	31 Mar 2025	31 Dec 2024
1	Total consolidated assets as per published financial statements	355,268,562	344,686,818
2	Adjustments for investments in banking, financial, Insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(3,748,050)	(3,457,272)
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-	-
4	Adjustments for temporary exemption of central bank reserves (if applicable)	-	-
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-	-
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	-	-
7	Adjustments for eligible cash pooling transactions	-	-
8	Adjustments for Sharia-compliant derivative financial instruments	942,703	720,157
9	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	-	-
10	Adjustments for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	17,358,396	16,736,062
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-	-
12	Other adjustments	888,383	982,441
13	Leverage ratio exposure measure	370,709,994	359,668,206



4.2. Leverage ratio common disclosure template (LR2)

The below table provides a detailed breakdown of the components of the leverage ratio exposure (denominator), as well as information on the actual leverage ratio, minimum requirements and buffers.

AED '000'

S. No.	Particulars	31 Mar 2025	31 Dec 2024
	On-balance sheet exposures		
1	On-balance sheet exposures (excluding Sharia-compliant derivatives and securities financing transactions (SFTs), but including collateral) ¹	351,905,771	341,553,103
2	Gross-up for Sharia-compliant derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	-	-
3	(Deductions of receivable assets for cash variation margin provided in Sharia-compliant derivatives transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	(352,634)	(342,821)
7	Total on-balance sheet exposures (excluding Sharia-compliant derivatives and SFTs) (sum of rows 1 to 6)	351,553,137	341,210,282
	Sharia-compliant derivative exposures		
8	Replacement cost associated with all Sharia-compliant derivative transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	535,320	307,022
9	Add-on amounts for PFE associated with all Sharia-compliant derivative transactions	1,263,141	1,414,840
10	(Exempted CCP leg of client-cleared trade exposures)	-	-
11	Adjusted effective notional amount of written Sharia-compliant credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written Sharia-compliant credit derivatives)	-	-
13	Total Sharia-compliant derivative exposures (sum of rows 8 to 12)	1,798,461	1,721,862
	Securities financing transactions		
14	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	CCR exposure for SFT assets	-	-
17	Agent transaction exposures	-	-
18	Total securities financing transaction exposures (sum of rows 14 to 17)	-	-
	Other off-balance sheet exposures		
19	Off-balance sheet exposure at gross notional amount	37,867,684	36,175,970
20	(Adjustments for conversion to credit equivalent amounts)	(20,509,288)	(19,439,908)
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-	-
22	Off-balance sheet items (sum of rows 19 to 21)	17,358,396	16,736,062
	Capital and total exposures		
23	Tier 1 capital	42,980,702	44,136,717
24	Total exposures (sum of rows 7, 13, 18 and 22)	370,709,994	359,668,206
	Leverage ratio		
25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	11.6%	12.3%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	11.6%	12.3%
26	CBUAE minimum leverage ratio requirement	3.5%	3.5%
27	Applicable leverage buffers	-	-

¹ The On-balance sheet exposure increased in 'March 2025' from 'Dec 2024'; mainly due to increase in exposure to financing and sukuk.

5. Liquidity Risk

5.1. Liquidity Coverage Ratio - LCR (LIQ1)

31 March 2025 - AED '000'

S. No	Particulars	Total unweighted value (average)	Total weighted value (average)
High-quality liquid assets			
1	Total HQLA		62,106,956
Cash outflows			
2	Retail deposits and deposits from small business customers, of which:	54,563,844	4,413,522
3	Stable deposits	20,857,243	1,042,862
4	Less stable deposits	33,706,600	3,370,660
5	Unsecured wholesale funding, of which:	79,576,515	32,937,577
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	20,839,618	5,209,904
7	Non-operational deposits (all counterparties)	58,736,897	27,727,673
8	Unsecured debt	-	-
9	Secured wholesale funding		-
10	Additional requirements, of which:	36,264,409	5,898,624
11	Outflows related to Sharia-compliant derivative exposures and other collateral requirements	1,302,737	260,547
12	Outflows related to loss of funding of debt products	-	-
13	Credit and liquidity facilities	34,961,672	5,638,077
14	Other contractual funding obligations	-	-
15	Other contingent funding obligations	-	-
16	TOTAL CASH OUTFLOWS		43,249,723
Cash inflows			
17	Secured lending (e.g. reverse repo)	-	-
18	Inflows from fully performing exposures	3,138,454	1,569,227
19	Other cash inflows	2,519,772	2,519,772
20	TOTAL CASH INFLOWS	5,658,226	4,088,999
Total adjusted value			
21	Total HQLA		62,106,956
22	Total net cash outflows		39,160,724
23	Liquidity coverage ratio (%)		158.9%



31 December 2024 - AED '000'

S. No	Particulars	Total unweighted value (average)	Total weighted value (average)
High-quality liquid assets			
1	Total HQLA		59,292,235
Cash outflows			
2	Retail deposits and deposits from small business customers, of which:	53,663,870	4,472,139
3	Stable deposits	17,884,956	894,248
4	Less stable deposits	35,778,913	3,577,891
5	Unsecured wholesale funding, of which:	87,031,193	36,466,175
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	20,597,374	5,149,343
7	Non-operational deposits (all counterparties)	66,433,820	31,316,832
8	Unsecured debt	-	-
9	Secured wholesale funding		-
10	Additional requirements, of which:	34,068,148	5,619,298
11	Outflows related to Sharia-compliant derivative exposures and other collateral requirements	686,802	137,360
12	Outflows related to loss of funding of debt products	-	-
13	Credit and liquidity facilities	33,381,346	5,481,938
14	Other contractual funding obligations	-	-
15	Other contingent funding obligations	-	-
16	TOTAL CASH OUTFLOWS		46,557,613
Cash inflows			
17	Secured lending (e.g. reverse repo)	-	-
18	Inflows from fully performing exposures	3,849,541	1,924,771
19	Other cash inflows	2,392,688	2,392,688
20	TOTAL CASH INFLOWS	6,242,229	4,317,549
Total adjusted value			
21	Total HQLA		59,292,235
22	Total net cash outflows		42,240,154
23	Liquidity coverage ratio (%)		140.9%

The LCR is designed to ensure that banks hold a sufficient reserve of high-quality liquid assets (HQLA) to allow them to survive a period of significant liquidity stress lasting 30 calendar days. LCR ratio of the Bank as at 31st March 2025 was 133.6% (31st December 2024 was 159.4%) whereas the average LCR ratio for the quarter ended 31st March was 158.9% (31st December 2024 was 140.9%). LCR both spot and average are higher than CBUAE current minimum requirement of LCR 100%.



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