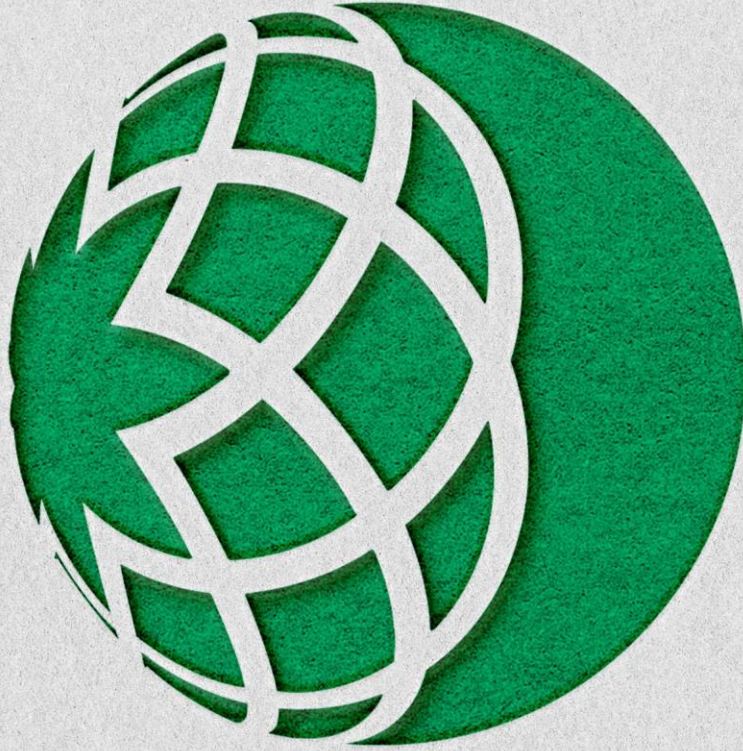


PILLAR 3 DISCLOSURES REPORT

For the nine-month period ended 30 September 2024



بنك دبي الإسلامي
Dubai Islamic Bank

Table of Contents

1. Overview and Introduction	2
1.1. Basel Regulatory Framework	2
1.2. Implementation and Compliance of Basel Framework.....	2
1.3. Internal Review & Verification	2
2. Overview of Risk Management and RWA	3
2.1. Key metrics of the Group (KM1)	3
2.2. Overview of RWA (OV1)	5
3. Leverage ratio.....	6
3.1. Summary comparison of accounting assets vs leverage ratio exposure measure (LR1)	6
3.2. Leverage ratio common disclosure template (LR2)	7
4. Liquidity Risk.....	8
4.1. Liquidity Coverage Ratio – LCR (LIQ1).....	8

1. Overview and Introduction

This document (as 'Pillar III disclosures report'), in line with the requirements and guidelines of Central Bank of UAE (the "CBUAE"), presents Pillar III disclosures of Dubai Islamic Bank PJSC 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 is framed by the regulator in such a way that it provides information, to the users of this report, in a clear, concise, and consistent manner. Not only does it enable market users to access key information about the Group, but it also does that in a very transparent manner that can be easily compared with other market participants. However, the information in this report is supplementary in nature, therefore it is advised to read this report in conjunction with the published financial statements of the Group for the nine-month period ended 30 September 2024.

1.1. 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.

CBUAE 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, CBUAE has also mandated the banks to keep additional buffers i.e., capital conservation buffer (CCB) of 2.5% of RWAs and D-SIB buffer is 0.5% of RWA. 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.

1.2. Implementation and Compliance of Basel Framework

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

In compliance with the CBUAE guidelines and Basel accords, these disclosures include information on the Bank'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.

1.3. Internal Review & Verification

This document, Pillar III disclosures report for the nine-month period ended 30 September 2024, has been audited by Group Internal Audit.

Dubai Islamic Bank PJSC

Pillar 3 Disclosures Report

For the nine-month period ended 30 September 2024

2. Overview of Risk Management and RWA

2.1. 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	30 Sept 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sept 2023
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	36,053,021	34,387,610	32,903,768	31,826,709	33,683,795
1a	Fully loaded ECL accounting model	-	-	-	-	-
2	Tier 1	44,317,271	42,651,860	41,168,018	40,090,959	41,948,045
2a	Fully loaded ECL accounting model Tier 1	-	-	-	-	-
3	Total capital	47,273,652	45,517,477	44,042,827	42,936,482	44,777,013
3a	Fully loaded ECL accounting model total capital	-	-	-	-	-
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	258,677,801	251,751,403	251,743,668	248,623,493	246,835,156
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	13.9%	13.7%	13.1%	12.8%	13.6%
5a	Fully loaded ECL accounting model CET1 (%)	-	-	-	-	-
6	Tier 1 ratio (%)	17.1%	16.9%	16.4%	16.1%	17.0%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	-	-	-	-	-
7	Total capital ratio (%)	18.3%	18.1%	17.5%	17.3%	18.1%
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 (%)	6.9%	6.7%	6.1%	5.8%	6.6%

Dubai Islamic Bank PJSC

Pillar 3 Disclosures Report

For the nine-month period ended 30 September 2024

AED '000'

S. No	Particulars	30 Sept 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sept 2023
Leverage Ratio						
13	Total leverage ratio measure	345,187,023	338,455,778	342,959,047	330,007,584	329,378,100
14	Leverage ratio (%) (row 2/row 13)	12.8%	12.6%	12.0%	12.1%	12.7%
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	48,438,757	51,621,837	60,088,225	51,813,392	54,103,296
16	Total net cash outflow	34,526,926	35,367,462	35,840,527	27,673,363	32,582,900
17	LCR ratio (%)	140.3%	146.0%	167.7%	187.2%	166.1%
Net Stable Funding Ratio ²						
18	Total available stable funding	223,443,867	221,831,240	219,827,960	211,434,553	211,926,514
19	Total required stable funding	212,757,741	205,200,377	207,020,685	199,985,374	199,873,865
20	NSFR ratio (%)	105.0%	108.1%	106.2%	105.7%	106.0%
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 30 September 2024 (0.0003% for 30 June 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.

Dubai Islamic Bank PJSC

Pillar 3 Disclosures Report

For the nine-month period ended 30 September 2024

2.2. Overview of RWA (OV1)

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

S. No	Particulars	Risk weighted assets (RWA)		Minimum capital requirements ¹	
		30 Sept 2024	30 Jun 2024	30 Sept 2024	30 Jun 2024
1	Credit risk (excluding counterparty credit risk) ²	234,222,905	227,415,421	24,593,405	23,878,619
2	Of which: standardised approach (SA)	234,222,905	227,415,421	24,593,405	23,878,619
3					
4					
5					
6	Counterparty credit risk (CCR)	1,486,597	1,034,706	156,093	108,644
7	Of which: standardised approach for counterparty credit risk	1,486,597	1,034,706	156,093	108,644
8					
9					
10					
11					
12	Equity investments in funds - look-through approach	-	-	-	-
13	Equity investments in funds - mandate-based approach	433,348	431,593	45,502	45,317
14	Equity investments in funds - fallback approach	367,618	367,618	38,600	38,600
15	Settlement risk	-	-	-	-
16	Securitisation exposures in the banking book	-	-	-	-
17					
18	Of which: securitisation external ratings-based approach (SEC-ERBA)	-	-	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-	-	-
20	Market risk	2,155,050	2,640,364	226,280	277,238
21	Of which: standardised approach (SA)	2,155,050	2,640,364	226,280	277,238
22					
23	Operational risk	20,012,283	19,861,701	2,101,290	2,085,479
24					
25					
26	Total (1+6+10+11+12+13+14+15+16+20+23)	258,677,801	251,751,403	27,161,170	26,433,897

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.

3. Leverage ratio

3.1. 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.

<i>AED '000'</i>			
S. No.	Particulars	30 Sept 2024	30 Jun 2024
1	Total consolidated assets as per published financial statements	329,169,165	322,650,572
2	Adjustments for investments in banking, financial, Insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(3,401,579)	(3,345,166)
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 derivative financial instruments	1,157,689	840,776
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)	15,687,610	15,814,470
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-	-
12	Other adjustments	2,574,138	2,495,126
13	Leverage ratio exposure measure	345,187,023	338,455,778

Dubai Islamic Bank PJSC

Pillar 3 Disclosures Report

For the nine-month period ended 30 September 2024

3.2. Leverage ratio common disclosure template (LR2)

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

		<i>AED '000'</i>	
S. No.	Particulars	30 Sept 2024	30 June 2024
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral) ¹	327,457,695	321,027,282
2	Gross-up for 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 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)	(339,475)	(260,070)
7	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)	327,118,220	320,767,212
Derivative exposures			
8	Replacement cost associated with <i>all</i> derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	870,892	322,111
9	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	1,510,301	1,551,985
10	(Exempted CCP leg of client-cleared trade exposures)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	Total derivative exposures (sum of rows 8 to 12)	2,381,193	1,874,096
Securities financing transactions			
14	Gross SFT <i>assets</i> (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	33,123,195	33,023,220
20	(Adjustments for conversion to credit equivalent amounts)	(17,435,585)	(17,208,750)
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)	15,687,610	15,814,470
Capital and total exposures			
23	Tier 1 capital	44,317,271	42,651,860
24	Total exposures (sum of rows 7, 13, 18 and 22)	345,187,023	338,455,778
Leverage ratio			
25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	12.8%	12.6%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	12.8%	12.6%
26	CBUAE minimum leverage ratio requirement	3.5%	3.5%
27	Applicable leverage buffers	-	-

¹ The On-balance sheet exposures increased in 'September 2024' from 'June 2024', due to increase in financing.

Dubai Islamic Bank PJSC

Pillar 3 Disclosures Report

For the nine-month period ended 30 September 2024

4. Liquidity Risk

4.1. Liquidity Coverage Ratio – LCR (LIQ1)

30 Sept 2024 – AED '000'

S. No	Particulars	Total unweighted value (average)	Total weighted value (average)
High-quality liquid assets			
1	Total HQLA		54,458,720
Cash outflows			
2	Retail deposits and deposits from small business customers, of which:	51,875,677	4,127,863
3	Stable deposits	21,194,095	1,059,705
4	Less stable deposits	30,681,581	3,068,158
5	Unsecured wholesale funding, of which:	78,538,996	31,717,504
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	20,360,935	5,090,234
7	Non-operational deposits (all counterparties)	58,178,061	26,627,271
8	Unsecured debt	-	-
9	Secured wholesale funding		
10	Additional requirements, of which:	31,657,151	5,249,044
11	Outflows related to derivative exposures and other collateral requirements	-	-
12	Outflows related to loss of funding of debt products	-	-
13	Credit and liquidity facilities	31,657,151	5,249,044
14	Other contractual funding obligations		
15	Other contingent funding obligations		
16	TOTAL CASH OUTFLOWS		41,094,411
Cash inflows			
17	Secured lending (e.g. reverse repo)		
18	Inflows from fully performing exposures	2,766,099	1,383,050
19	Other cash inflows	1,977,875	1,977,875
20	TOTAL CASH INFLOWS	4,743,975	3,360,925
Total adjusted value			
21	Total HQLA		54,458,720
22	Total net cash outflows		37,733,486
23	Liquidity coverage ratio (%)		144.7%

Dubai Islamic Bank PJSC

Pillar 3 Disclosures Report

For the nine-month period ended 30 September 2024

30 June 2024 – AED '000'

S. No	Particulars	Total unweighted value (average)	Total weighted value (average)
High-quality liquid assets			
1	Total HQLA		62,729,003
Cash outflows			
2	Retail deposits and deposits from small business customers, of which:	52,762,473	4,268,908
3	Stable deposits	20,146,793	1,007,340
4	Less stable deposits	32,615,680	3,261,568
5	Unsecured wholesale funding, of which:	77,866,606	30,206,381
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	26,609,539	6,652,385
7	Non-operational deposits (all counterparties)	51,257,067	23,553,996
8	Unsecured debt	-	-
9	Secured wholesale funding		-
10	Additional requirements, of which:	33,079,753	4,553,183
11	Outflows related to derivative exposures and other collateral requirements	1,308,000	261,600
12	Outflows related to loss of funding of debt products	-	-
13	Credit and liquidity facilities	31,771,753	4,291,583
14	Other contractual funding obligations	-	-
15	Other contingent funding obligations	-	-
16	TOTAL CASH OUTFLOWS		39,028,472
Cash inflows			
17	Secured lending (e.g. reverse repo)	-	-
18	Inflows from fully performing exposures	2,749,707	1,374,853
19	Other cash inflows	2,641,740	2,641,740
20	TOTAL CASH INFLOWS	5,391,446	4,016,593
Total adjusted value			
21	Total HQLA		62,729,003
22	Total net cash outflows		35,011,879
23	Liquidity coverage ratio (%)		179.9%

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 liquidity stress lasting 30 calendar days. LCR ratio as at 30th Sept 2024 was 140.3% (LCR as at 30th June 2024 was 146.0%) whereas the average LCR ratio for the quarter ended 30th Sept 2024 was 144.7% (average LCR for quarter ended 30th June 2024 was 179.9%). Both spot and average LCR ratios are higher than CBUAE's current minimum requirement of 100%.