بنك دبي الإسلامي
Dubai Islamic Bank

Our journey to success

Annual Report 2024

Dubai Islamic Bank PJSC (DIB) is a leading global Islamic financial institution. We are among the leading Islamic banks globally, and the largest Islamic bank in the UAE, with assets valued at over USD 94 billion.

Our organisational values are the essence of our identity and define our culture. These values serve as a compass, guiding our actions and decisions in good times and challenging moments, and by articulating them, we are creating a shared sense of purpose and identity.

More than just a bank

As champions of morality, equality, and transparency, our institution reflects the modernity, diversity, and growth of the city whose name we share.

Our purpose

To instil simplicity and convenience in all our offerings through a personal and engaging experience aligned to global sustainable practices for a better future.

Our values

I
INCLUSIVE
Being accessible to all, and most importantly, without bias.

C
COLLABORATIVE
Being connected together, as a team, to deliver banking with ease.

A
AGILE
Being in a position to deliver faster solutions and provide happy experiences.

R
RESPONSIBLE
Being fair, transparent and accountable in making responsible decisions.

E
ENGAGED
Passionate and committed to deliver fulfilling journeys as an organisation.

Our vision

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

Largest Islamic bank in the UAE	Among the largest Islamic banks globally by Assets	4th largest bank by Assets in the UAE
More than **50 branches** & over **450 ATMs** in the UAE	Robust balance sheet growth of nearly **10**% to AED **345** billion	Growth of 10% in net financing and Sukuk Investments at AED **295** billion
AED 212 billion in net financing assets, up over **6**% YoY	Deposits at AED **249** billion, up **12**% YoY	Continued to improve Asset quality with NPF ratio to **4%**

Robust credit rating reflecting strong domestic franchise

Moody's	**Fitch Ratings**	**International Rating Agency (IIRA)**
A3 - Stable	A - Stable	A+/A1 - Stable
Long-term issuer rating reaffirmed at 'A3' from Moody's	Upgrade in the Bank's Viability Rating (VR) to 'BBB-' from 'BB+' during 2024	Reaffirmed international scale ratings while maintaining outlook

Inside this report

Find our 2024 Sustainability Report on our website
www.dib.ae/

Yesterday...

Established in 1975 as the world's first Islamic bank.

...to today

A leading global Islamic bank and the fourth largest by assets in the UAE.

Our journey

Key milestones of our evolutionary and insightful journey.

Yesterday...

Introduced **phone banking** as a key customer service initiative

Launched **Al Islamic Private Banking**

Launched **Wajaha,** its exclusive wealth management service

1975	1987	1989	1992	1994	2001	2004	2008	2009

Officially established by H.H. Shaikh Rashid on 15 September, 1975

Introduced **Automated Teller Machines** (ATMs) across branches

Established **Sharia and Supervisory Board**

Became a **Public Joint Stock Company**

Stepped into the online world with the launch of its **first-ever website**

Launched Al Sharia consultancy subsidiary, **Dar Al Sharia**

DAR AL SHARIA

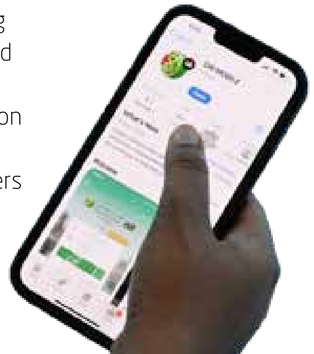
Our journey continued

40th anniversary

Introduced new corporate identity

...to today

Moved ahead on expansion with the acquisition of **Noor Bank**, which cemented its position as one of the largest Islamic banks in the world, and amongst the largest banking entities in the UAE. Launched The Digital Lab, a centre of excellence to manage curation of digital products and experiences for our customers as a Digitally Islamic Bank



Published **Sustainable Finance Framework**

Successfully priced USD 750 million inaugural Sustainable Sukuk

Successfully priced its **third Sustainable Sukuk** at USD 1 billion

Launched **SHAMS Covered Card**

Fitch Ratings affirmed DIB's Long-Term Issuer Default Rating (IDR) at 'A' with a Stable Outlook

2015 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2024

Launched DIB Kenya operations

Launched Panin Dubai Syariah Bank in Indonesia

Capital raising through a successful rights issue over-subscribed nearly 3 times.

Successfully integrated Noor Bank in record 283 days, well ahead of projected deadline.

Launched new positioning for **#ReadyForTheNew**

Chairman's statement

50 Years of excellence and leadership in Islamic finance

As Dubai Islamic Bank celebrates its 50th anniversary, we reflect with pride on our journey of growth, resilience, and leadership.

Over the past five decades, DIB has transformed from a pioneering institution into a global leader in Islamic finance, consistently driving progress and setting new benchmarks that define the industry.

DIB's evolution mirrors the remarkable rise of Dubai and the UAE, exemplifying the values of ambition, innovation, and a commitment to excellence. Today, DIB serves as a trusted financial partner to millions, providing innovative, Sharia-compliant solutions that empower individuals, businesses, and communities. Through an unwavering dedication to its purpose, DIB has reinforced its position as a cornerstone of the financial landscape, contributing to the UAE's growth story and supporting its ambitious vision for the future.

Operating across seven countries, with a robust network of 450+ branches and a workforce of over 10,000 employees, DIB proudly serves a diverse customer base of more than 5 million active customers. As one of the most prominent and profitable Islamic financial institutions in the GCC, we continue to build on our legacy with an unrelenting focus on sustainability, innovation, and inclusivity.

DIB's commitment to environment, social and governance (ESG) priorities has never been stronger. The Bank continues to champion initiatives that align with the UAE's net zero ambitions, embedding sustainability across its operations. From advancing green finance through landmark Sukuk issuances to nurturing communities with impactful social programmes, DIB remains steadfast in creating long-term value for all its stakeholders.

This year also marks significant progress in innovation and digital transformation, with DIB further enhancing its technological capabilities to deliver seamless and personalised banking experiences. By leveraging the power of data and AI, the Bank continues to redefine the customers' journey, while fortifying its position as a global leader in Islamic finance.

As we celebrate our golden jubilee, I would like to express my deepest gratitude to **His Highness Sheikh Mohamed bin Zayed Al Nahyan**, President of the UAE and Ruler of Abu Dhabi, and **His Highness Sheikh Mohammed Bin Rashid Al Maktoum**, Vice President and Prime Minister of the UAE and Ruler of Dubai, for their visionary leadership and ambition, which have been instrumental in creating an environment where institutions like DIB can thrive.

I would also like to extend my heartfelt appreciation to the Group's Board of Directors, Senior Leadership team, and all our employees. Their dedication, innovation, and drive have been instrumental in shaping DIB's achievements and ensuring continued success. Together, we are not just building on a legacy, but forging new pathways for the future of Islamic finance.

With 50 years of excellence as our foundation, Dubai Islamic Bank stands ready to embrace the opportunities of tomorrow, guided by a vision to build a sustainable, innovative, and prosperous future for the UAE and the world.

> "DIB's evolution mirrors the remarkable rise of Dubai and the UAE, exemplifying the values of ambition, innovation, and a commitment to excellence."

His Excellency Mohammed Ibrahim Al-Shaibani
Director-General of His Highness The Ruler's Court of Dubai and Chairman of Dubai Islamic Bank

Group Chief Executive Officer's statement

Purpose - driven growth

As Dubai Islamic Bank (DIB) celebrates its 50th anniversary, we recognise this milestone as more than just a reflection of our legacy; it is a reaffirmation of our unwavering commitment to the future.

Over the past five decades, our journey has been intrinsically linked to the growth and development of the UAE, a nation that has continuously pushed the boundaries of progress and innovation. Our journey mirrors the UAE's visionary ambitions, and we are proud to have played an integral role in supporting the country's economic advancement and financial empowerment.

In 2024, our focus remained on strengthening our operational resilience and enhancing our technological capabilities to meet the dynamic needs of our customers. A defining achievement was the successful upgrade of our core banking system, a strategic initiative that has significantly improved the efficiency, security, and agility of our operations. This enhancement not only ensures compliance with evolving regulatory frameworks; it also enables us to anticipate and meet the dynamic needs of our customers with greater precision and speed.

This transformation underscores our broader vision of building a seamless, future-ready banking ecosystem.

Digital innovation continued to be a key driver of our progress. With technologies such as artificial intelligence (AI) and machine learning (ML) at the forefront of our plans, we are creating a data-driven banking environment that enhances customer experience through personalised solutions and proactive service delivery. Our ambition to transition into a fully digital-first organisation aligns with our commitment to accessibility and inclusivity, ensuring that financial services are intuitive and within reach for all segments of the society.

As part of our ongoing growth strategy in 2024, we expanded our market reach through a balanced approach that combines deeper engagement with existing customers and strategic diversification into new segments. Aligned with our deliberate strategy, this expansion reinforces our dedication to market diversification, operational excellence, and customer-centric growth.

Sustainability continues to be an integral part of our corporate ethos, reflecting our dedication to ethical banking and responsible finance. In 2024, we reaffirmed this commitment through the issuance of our Sustainable Sukuk (USD 1 Billion), which underscores our efforts to support the UAE's ambitious sustainability targets and global environmental objectives.

Looking ahead, our sustainability vision is anchored in three key pillars – environmental stewardship, social responsibility, and robust governance. By embedding these principles into our core operations, we aim to not only meet regulatory expectations, but also exceed them, driving meaningful impact across the communities we serve.

"Our trajectory at DIB is crystal clear: we are not merely chasing growth; we are pioneering purpose-driven expansion."

Dr. Adnan Chilwan
Group Chief Executive Officer
Dubai Islamic Bank

Group Chief Executive Officer's statement continued

Our efforts in environmental stewardship have significantly contributed to biodiversity and climate action. These initiatives form part of a broader ESG framework that integrates environmental, social, and governance principles into every facet of our operations. From green financing to fostering financial inclusion, DIB remains at the forefront of creating a positive, sustainable impact within the communities we serve.

As we step into 2025, we do so with optimism and a clear sense of purpose. Our roadmap sets the stage for capturing new market opportunities, enhancing customer segmentation strategies, and expanding our international presence, while remaining steadfast in delivering value to our stakeholders. Investment in state-of-the-art digital platforms and cybersecurity measures will continue to be a priority, ensuring that we remain resilient and agile in an ever-evolving financial landscape.

As we celebrate this milestone anniversary, I extend my deepest appreciation to our Chairman, His Excellency Mohammed Al-Shaibani, for his leadership and vision that continue to steer the Bank towards greater heights. I would also like to recognise the dedication of our senior management team and our employees, whose commitment and hard work remain the driving force behind our achievements. To our shareholders and partners, I express my gratitude for their trust and confidence in our vision. Most importantly, I thank our valued customers, whose loyalty inspires us to constantly innovate and enhance our offerings.

Moving on, our journey continues with the same determination and ambition that defined our success over the past five decades. Together, we will shape the future of Islamic finance, setting new benchmarks in innovation, sustainability, and customer excellence, ensuring that Dubai Islamic Bank remains a leader in the evolving financial landscape.

Dr. Adnan Chilwan
Group Chief Executive Officer
Dubai Islamic Bank

Awards & Achievements

MEA Finance Industry Awards 2024

- Best Islamic Digital Banking Provider
- Best Islamic Bank – UAE
- Best Sustainable Finance Initiative
- Best Sukuk Islamic Fund
- Best Sukuk Deal of the Year

MEA Business Achievement Awards 2024

- Banking and Finance – Exceptional Products/Services DIB 'alt'
- Banking and Finance – Outstanding Sustainability Initiative Dubai Islamic Bank
- Outstanding New Product/Service Launch DIB Nest

Euromoney Awards for Excellence 2024

- UAE's Best Bank for Diversity and Inclusion

Middle East Banking Awards 2024

- Best Sukuk House in UAE
- Best Foreign Investment Bank in Oman
- Best Product Launch in the ME (Retail) DIB Nest

MEA Finance Banking Technology Awards

- Best Digital Innovation in Islamic Banking of the Year for 'alt'
- Best Innovation in Retail Banking for EVolve

Islamic Finance News Awards

- Real Estate Deal of the Year
- Best Islamic Retail Bank
- Indonesia Deal of the Year
- Best Islamic Bank in Kenya
- Social Impact, SRI ESG Deal
- Best Islamic Bank in the UAE
- Corporate Finance Deal of the Year
- Syndicated Finance Deal of the Year
- IFN Hybrid Deal of the Year 2023
- Sovereign and Multilateral Deal of the Year
- UAE Deal of the Year
- Best Overall Deal of the Year

Capital Markets and ESG Finance Saudi Arabia Awards

- Acquisition Finance Deal of the Year
- ECA, DFI, IFI Deal of the Year
- Transport Finance Deal of the Year
- Power Finance Deal of the Year
- Corporate Bond Deal of the Year

Operational highlights

Operational snapshot of 2024

Launched Dubai Islamic Bank's ACCESS Auto Finance for People of Determination

The launch of ACCESS Auto Finance reflects a key milestone in the Bank's ESG strategy. It highlights our commitment to inclusivity and innovation, providing seamless access and autonomy in mobility.

By enhancing mobility for People of Determination, we are not just complying with, but actively driving forward the UAE's vision for a more inclusive community.

access
DEDICATED AUTO FINANCE FOR THE DETERMINED

Launched the SHAMS covered card in partnership with Visa

The Bank launched the SHAMS Covered Card in partnership with Visa, a world leader in digital payments. Tailored to serve the diverse needs of every segment, including the affluent and emerging affluent, the SHAMS Covered Card goes beyond rewards by offering a comprehensive suite of daily relevance and lifestyle benefits.

Announced landmark transaction for GEMS Education

The Bank spearheaded a landmark USD 3.25 billion financing facility for GEMS Education, the largest private K-12 education provider in the world, underscoring our leadership in the financial sector particularly in structuring and underwriting significant deals that foster growth and development in key industries. This financing has enabled GEMS to refinance its existing debt and exit the majority of the position of minority shareholders.

USD 3.25bn
financing GEMS Education facility

Priced USD 1 billion Sustainable Sukuk successfully

The Bank successfully priced its third Sustainable Sukuk – a landmark USD 1 billion five-year senior issue, the largest sustainable issuance by a Middle East financial institution in nearly one year.

The Sukuk had a profit rate of 5.243% per annum, representing a spread of 95 basis points (bps) over five-year US treasuries. The Sukuk, issued in line with the Bank's Sustainable Finance Framework, was created to facilitate financing of green, social initiatives and other ESG projects.

5.243%
profit rate per annum

Financial highlights

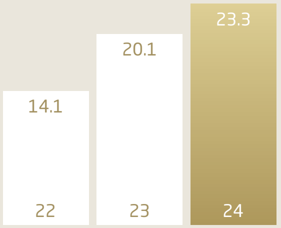
Robust and solid growth in 2024

We continue to grow, deliver, and preserve long-term value for our customers and shareholders.

Total income (AED)

23.3 bn

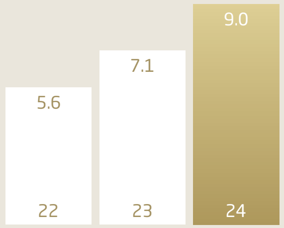
+16%
2023: AED 20.1 bn



Pre Tax Profit (AED)

9.0 bn

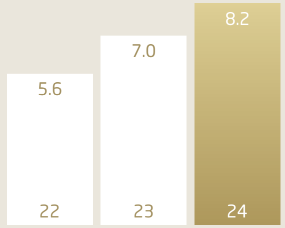
+27%
2023: 7.0 bn



Net profit (AED)

8.2 bn

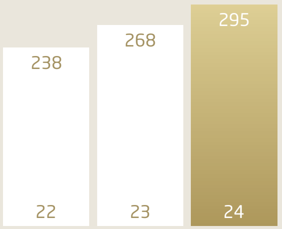
+16%
2023: 7.0 bn



Net financing and Sukuk (AED)

295 bn

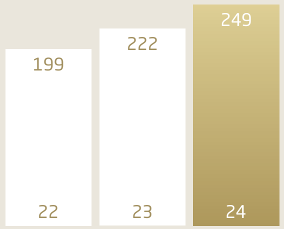
+10%
2023: 268 bn



Customer deposits (AED)

249 bn

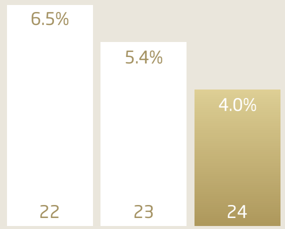
+12%
2023: 222 bn



Non-performing finance

4.0%

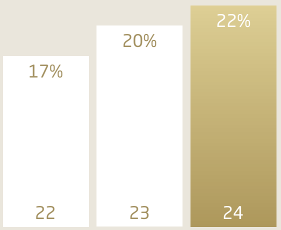
(140bps)
2023: 5.4%



Return on Tangible Equity (RoTE)

22%

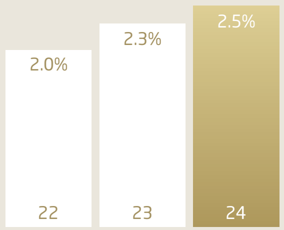
+200bps
2023: 20%



Return on Assets (RoA)

2.5%

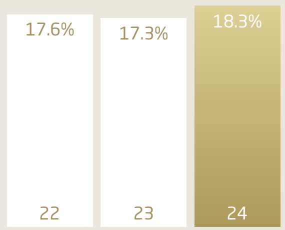
+20bps
2023: 2.3%



Capital adequacy ratio (CAR)

18.3%

+100bps
2023: 17.3%



ESG highlights

Sustainability highlights

Finance a Sustainable Future

Funding facilitated via Sustainable Sukuk

$6.2bn

Sustainable Sukuk issuance in February 2024

$1bn

Total Sustainable Sukuk issued since 2022

$2.75bn

investment in Sustainable Sukuk*

$2.1bn

Sustainable and green corporate financing*

$1.08bn

Support for SMEs*

$609mn

Financing for Affordable Housing*

$258mn

Green Vehicle Financing*

$306mn

Green Building Financing*

$292mn

tCO_2e total financed emissions avoided*

96,832

Lead by Example

Plastic bottles (500mL) saved via DIB's Dubai Can station+

594,792

UNGC signatory as of

Oct 2024

Trees planted under One Tree for Everyone Initiative+

65,832

Employees trained in sustainability

69%

Community support provided to approximately 600,000 beneficiaries+

$154mn

*Eligible under DIB's Sustainable Finance Framework.
Please refer to our 2024 Sustainable Finance Report for more details.
+Lifetime-to-date value for entire program as at 31 December 2024.

Memberships and Associations

United Nations Global Compact (joined in 2024)

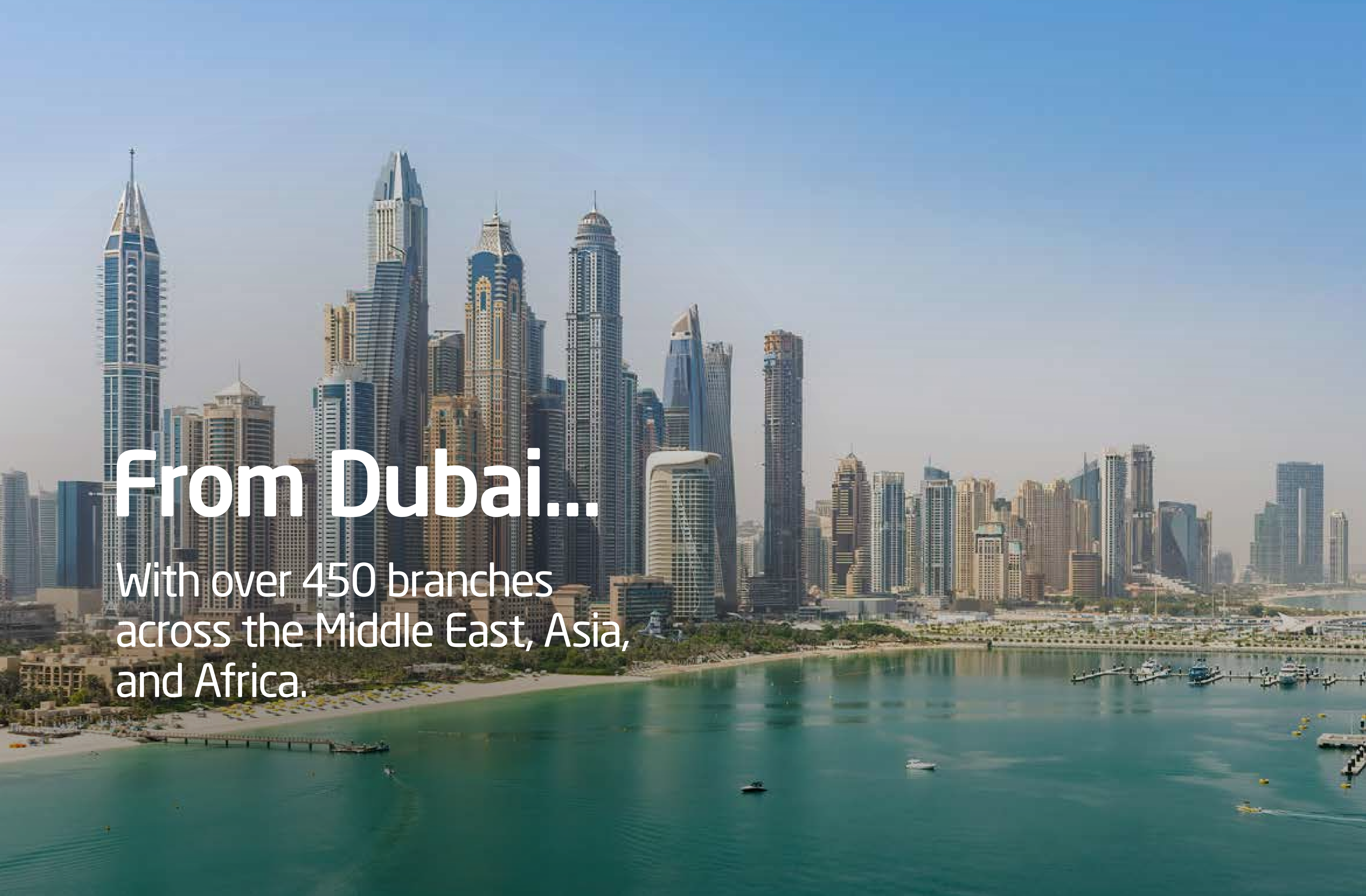
Dubai Sustainable Finance Working Group

UAE Banks Federation

Dubai Financial Market

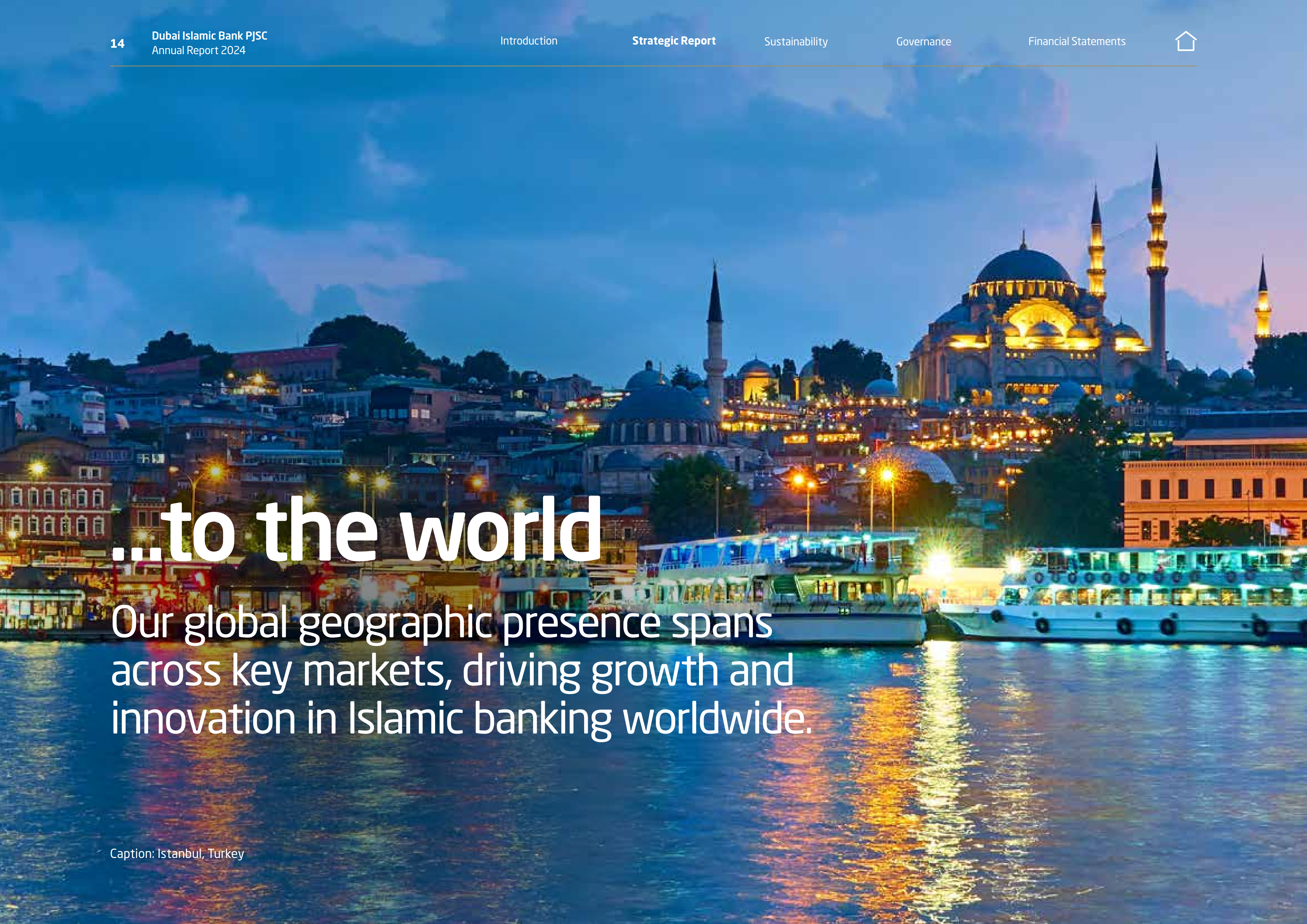
Islamic Financial Services Board

Emirates Institute for Banking and Financial Studies



From Dubai...

With over 450 branches across the Middle East, Asia, and Africa.



...to the world

Our global geographic presence spans across key markets, driving growth and innovation in Islamic banking worldwide.

Caption: Istanbul, Turkey

Our global operations

From Dubai... to the world

We are one of the world's largest Islamic banks, with an extensive network spanning the Middle East, Asia, and Africa.

An undisputed leader in the Islamic Banking & Finance arena, we have our footprint in multiple countries and in various continents. We are further enhancing our footprint and distribution network by tapping new markets and expanding our presence in the developed markets.

Branches
450+

ATMs
1,100+

Customers
5m+

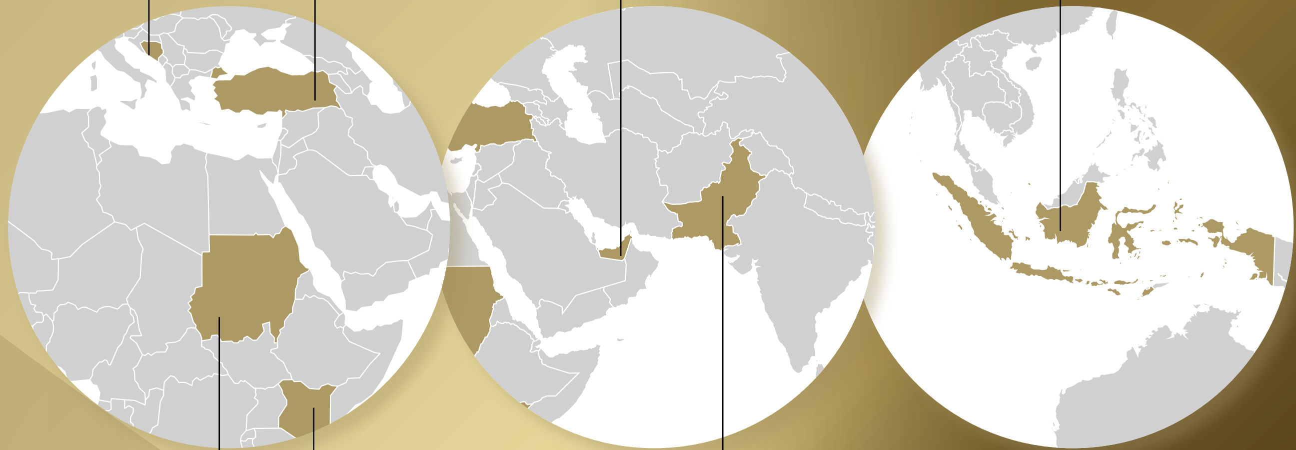
Employees
10,000

Bosnia
Branches
33
Customers
128K

Turkey
Banking Customers
1 million

UAE
Branches
55+
Customers
1.2 million

Indonesia
Branches
10
Customers
206K



Sudan
Branches
127
Customers
3 million

Kenya
Branches
6
Customers
6K

Pakistan
Branches
235
Customers
453K

Our global operations continued

Our subsidiaries and associates

Our subsidiaries and associates are a strategic part of our global operations, spanning regions from Asia Pacific and Central Asia to Eastern Africa. These entities strengthen our presence and enable us to serve diverse markets effectively.

Our Customer Base and Global Reach

We have established ourselves as the undisputed leader in Islamic Banking & Finance. In the UAE, we hold an 8% share of the total banking market and more than 40% share of the Islamic banking sector.

Our customer base and area of operation

At Dubai Islamic Bank, we remain true to our roots as a customer-centred organisation, built on close personal relationships. With over 5 million customers and more than 450 branches worldwide, we operate in 7 key markets: **Turkey, Pakistan, Kenya, Sudan, Bosnia, Indonesia, and the UAE.**

Positioned for sustainable success

As the first bank in the world to fully incorporate Sharia principles into all our practices, we combine traditional Islamic values with cutting-edge technology and innovation. This unique approach positions us for long-term, sustainable success in a rapidly evolving industry.

Key subsidiaries

Dubai Islamic Bank Pakistan Limited	100%
Dar Al Sharia	100%
DIB Bank Kenya Limited	100%
Tamweel – The Home of Home Finance	92%
Deyaar	45%
Tanmyah Services	100%
Noor Bank	100%

Key associates

Bank of Khartoum	29.5%
PaninDubai Syariah Bank	25.1%
Bosna Bank International	27.3%
Ejar	20%
TOM	20%*

* Increased to 25% in Jan 2025

Our culture

Our strength is in our culture

In an industry driven by innovation and customer satisfaction, our people are at the heart of our success.

Transforming our workplace and fostering a culture of equal opportunity are central to our ethos. Recognising our workforce as a critical enabler of our strategy, we have sharpened our focus on cultivating a skilled, motivated, and values-driven organisation. TThis focus underpins our ability to deliver exceptional results and showcases our capacity to navigate challenges with resilience and foresight.

Building a workplace where every employee knows that their voice will be heard

We prioritise diversity, inclusivity and employee well-being while being continue to remain focused on creating meaningful careers, developing strong leadership and delivering an exceptional employee experience. By enabling the right organisational architecture, we are ensuring a well-governed ecosystem of capability and holistic talent.

Committed to training and development

We are committed to fostering a culture of continuous learning, and we prioritise the development of our workforce through a range of tailored learning opportunities aimed at augmenting their capabilities and expertise. We invest in recognising and cultivating our employees' skills, preparing them to excel in the evolving industry landscape.

Cultivating a culture of excellence

Our organisational values, shaped by the ICARE approach, define our culture and are the essence of our identity. These values serve as a compass, guiding our actions and decisions in good times and challenging moments, and by articulating them, we have created a shared sense of purpose and identity.

COMMITTED TO ATTRACTING YOUNG TALENT

We recognise that our impact on people's lives reaches beyond the services we offer. And we apply the same ethos of constant innovation to every aspect of our work – from building an inclusive company culture that brings everybody in and access to opportunity for all.

The Bank's philosophy is well demonstrated by its commitment to cultivating a strong and positive culture of excellence that is well aligned with its mission, and is evident from its recruitment process. As a staunch supporter of the UAE's Emiratisation agenda, the Bank participated at the Ru'ya Careers UAE in September 2024.

Ru'ya Careers UAE serves as an ideal platform for DIB to promote an array of job opportunities and innovative training programmes designed to equip Emirati youth with the necessary skills for a successful career in banking. Through its interactive workshops and networking opportunities, DIB strives to attract and engage young talent, offering them positive pathways towards meaningful employment.

In keeping with its ICARE values, DIB continues to lead by example, by integrating People of Determination into its workforce, and ensuring they have access to a supportive environment and equal employment opportunities.

DIB's Learning & Development team provides training for People of Determination in behavioural and IT skills, and hosts art therapy workshops, aimed at enhancing their professional and personal development. By collaborating and partnering with specialised institutions and engaging in targeted recruitment drives, the Bank maintains its vital role as a leader in inclusive employment practices.

→ Read more on this in the People section on **page 39**

Reasons to invest

A winning investment case

As a leader in UAE banking and the global Islamic banking sector, Dubai Islamic Bank is on a growth strategy and the path of multi-channel expansion, aiming to strengthen its market leadership and generate robust revenues for improved shareholder returns.

Our competitive advantages

We have a number of distinct competitive strengths that collectively differentiate our proposition.

1

Leader in UAE banking with deep customer insight

Our scale and reach across the UAE extend to more than 1.2 million customers with a significant digitally active userbase. Extensive customer data and analysis ensure we can meet the needs of these customers more effectively.

2

Dedicated employees with strong values

We have a highly engaged, customer-focused, diverse workforce with significant expertise and experience within the industry.

3

Operating at scale with cost discipline

Our scale and efficiency enable us to operate more effectively.

4

Differentiated business model

A unique customer proposition, serving all the banking needs of customers under a single roof through a comprehensive product range.

5

All-channel distribution focus with digital leadership

We operate through a wide range of distribution channels, ensuring our customers can interact with us seamlessly, whenever and however they choose. Our leadership in digital banking further enhances accessibility and convenience for our tech-savvy customer base.

6

Balance sheet strengths and disciplined risk management

With a robust capital position and a disciplined approach to risk management, we maintain a high-quality portfolio. This financial strength provides stability and resilience, reinforcing confidence among customers and investors alike.

7

ESG leadership

The ethical foundation of the Bank naturally resonates with the concept of ESG principles that promote responsible business conduct. The Bank has defined its future aspirations in its ESG Strategy 2030 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, driving long-term value for all stakeholders.

Our ESG priorities

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 where we operate

Market overview

Global economic review

Projected world economic growth

2025

3.2%

The global economy proved resilient in 2024 despite geopolitical tensions posing short-term risks, and medium-term growth prospects being weak. It is estimated to have recorded 3.2% growth in 2024, based on the projections of the International Monetary Fund (IMF).

Inflation remained more persistent than anticipated. Continued growth was witnessed in the emerging markets as well as the advanced economies.

While the United States experienced strong progress, following steady employment growth and ensured improvements in controlling inflation, most advanced economies experienced currency depreciation, which could potentially be disruptive, especially for the emerging market economies. In the euro area, economic activity should increase as lower inflation supports real incomes and the European Central Bank eases interest rates.

Asia was resilient during the year and emerged as one of the world's fastest markets whilst managing to control inflation faster than any other region in the world, given the strong monetary and fiscal policies of the respective central banks.

The Middle East region navigated the geoeconomic landscape in 2024 with resilience, along with growth supported by strong oil prices and robust spending on the infrastructure sector, and with inflation being gradually brought under control.

Moving forward, global GDP is projected to continue at its current pace, with real GDP increasing 3.2% in 2025 and in 2026, according to IMF estimates, though economic growth will vary in the advanced economies and emerging markets. Inflation is expected to drop to 4.2% in 2025, and to 3.5% in 2026, allowing for further normalisation of monetary policy among central banks.

Favourable economic environment in the UAE

The UAE bounced back strongly post pandemic, and is en route to rank amongst the region's fastest growing markets, given its favourable economic environment, including continued non-oil sector expansion and strong liquidity. The attractive business and operating environment are anticipated to continue in 2025, underpinned by a sound oil price forecast and increased economic activity, which has led to a boost in spending by government-related entities, driving non-oil GDP growth.

The UAE's growth drivers

With the UAE continuing to attract foreign investors and global talents, impact from global and regional geopolitical conflicts has so far been contained. Despite the incorporation of corporate tax during the year, institutions continued to remain profitable, enabling the government to create a new revenue stream in the forthcoming years.

The UAE's banking system remained resilient with balance sheets continuing to expand with rising profitability. UAE banks' financial metrics benefitted from strong operating conditions, supported by sound oil prices, contained inflation and high interest rates, according to a report by Fitch Ratings. Performance of the banking sector was exceptionally strong with most large banks reporting historically strong profits. Several planned development and infrastructure projects reinforced the banks' business expansion over the next five years.

Notably, Dubai has successfully attracted huge global talent by virtue of its attractive business and employment opportunities, and also owing to stability, peace and security in the region. As a result, the residential population continues to rise, with 2024 witnessing an influx of the highest number of new residents into the city.

Growth in the financial markets in the UAE outperformed its regional peers, with the IPO activities picking up in Dubai and Abu Dhabi. New foreign institutional investors (FIIs) continue to increase as new IPO listings and healthy shareholder returns offered a strong value on investments. In a significant development, the removal of the UAE from FATF listing signifies its strong commitment towards tackling money laundering, further augmenting investors' confidence in the economy.

Market overview continued

Real estate and tourism sectors continued to witness robust growth in terms of transaction sales and volumes, and tourist arrivals. Outbound and inbound travel are picking up steam. Further, continued strengthening of the UAE's regulatory and legal framework is also positive for economic growth, as the UAE authorities continue their strong adherence to international best practices.

Another competitive advantage in the UAE is the adoption of digital technologies and AI, which is at the forefront of the government's ambitions in supporting the local economy. The public and private sectors both continue to adapt the latest digital innovations, thus paving the way for faster and more efficient services in the domestic economy.

Accelerating process on sustainability

Further, the UAE continues its commitment to support sustainable finance and climate action initiatives. Various strategic projects have been launched to help support the nation's aspirations on sustainable development goals and climate change. The UAE's Green Agenda 2030 is a long-term plan to achieve the goals of sustainable development and make the economy more environment friendly. The agenda has 5 key objectives:

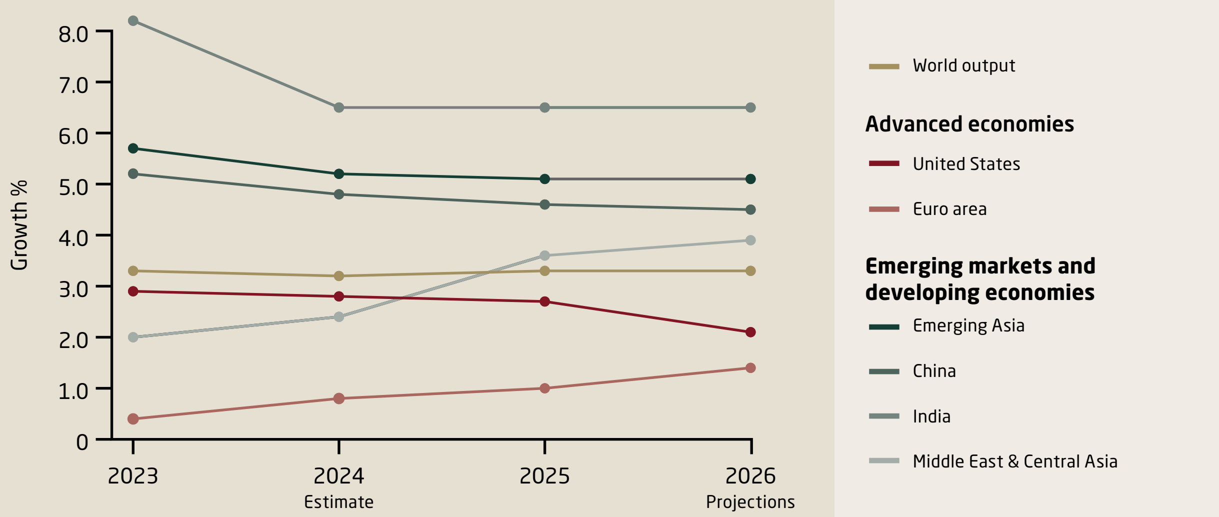
1. Competitive knowledge economy
2. Social development and quality of life
3. Sustainable environment and valued natural resources
4. Clean energy and climate action
5. Green life and sustainable use of resources

The region is well placed to leapfrog traditional development phases and integrate sustainability directly into its agenda for economic diversification and growth. Companies across the region are elevating their environmental disclosure practices and sustainability performance in alignment with internationally recognised standards, while ensuring that local and sector-specific contexts are adequately represented.

Future outlook

The IMF forecasts that economic growth in the Middle East is expected to strengthen in the near term. According to the IMF's regional economic outlook, growth is projected to rebound to 4% in 2025, although it is likely to depend on a phase-out of oil production cuts with subsiding headwinds. Even as geopolitical and macroeconomic factors weigh, the outlook in the UAE continues to be strong with domestic activities and infrastructure spending being on an uptrend.

World economic growth – an overview



Source: IMF-World Economic Outlook Report, January 2025

Our strategy

Strategic priorities and growth enablers

We operate in competitive markets with significant growth potential. By strategically targeting our investments, we maximise these opportunities. Our strategy and growth enablers provide us with an exciting opportunities for expansion and success.

Increase value

Increasing our market share through acquisitions and organic expansion, we continue to deliver value to all stakeholders.

Robust foundation

Bolstering the foundations of the Bank in all areas of the business to make it safer and reduce risk.

Versatile operations

Constantly striving to improve operations and fulfil the expectations of all our stakeholders in a sustainable manner throughout.

Digital transformation

Introducing innovative digital solutions to make banking transactions easier for our customers and be more cost effective.

Engaging experiences

Making life simpler, more transparent and cohesive for our clients to provide best-in-class customer experiences.

Our strategy continued

We will achieve our vision through our purpose-driven strategic pillars

Strategy 2022-2026

Aligning Dubai Islamic Bank to the ambitious and expansionary agenda of the UAE.

Our plan

Our overarching ambition is to change the UAE banking sector for the better, and to become the number one bank for customer service, trust and advocacy. In the following pages, we have set out how we track our progress towards this goal. We also track a number of other performance measures and have set long-term targets for these to keep us on track.

→ Read more on this in the People section on **page 39**

Our five-year growth strategy

DIB's primary objective is to maintain its position as a leading Islamic financial institution in the Middle East region as well as in other select strategic markets. The Bank unveiled its five-year Group strategy – DRIVE – for the period 2022–2026. Within the overarching strategic guidance, this is aimed at implementing a strategic theme every year during 2022 to 2026, with short-term strategic and tactical areas of focus to recalibrate direction and efforts.

→ Read more on **page 21**

External drivers, risks and opportunites

We have built our business and strategy to manage the fluctuations in our external environment and to adapt to ever-changing stakeholder needs. This helps ensure the Group remains sustainable over the longer term and is able to manage risks and opportunities as they emerge.

We regularly review the associated risk implications to ensure the right choices are being made for customers, colleagues and the Group. As a large and focused financial services provider, our business model is influenced by a number of external factors.

Strengthen

To strengthen the capital base, enhance operational efficiencies while safeguarding the business against market volatilities through robust compliance, risk management and effective controls.

→ Read more on the **next page**

Grow

To deliver balance sheet growth through deeper penetration of our existing customer base by targeting new customer segments as well as enhancing and expanding the global operations.

→ Read more on the **page 24**

Our stakeholders

- Customers
- Economy
- Investors
- Society and environment
- Peer group
- Regulators

Our strategy continued

Strengthen

Reinforce | Energise | Adapt

Our priorities: We have created a solid foundation, acting as a springboard for growth, creating an agile and adaptable organisation. We have also identified key weaknesses in our platform, including our risk expertise, adaptation to technology changes, and compliance perspectives.

We are also working on strengthening our transformation office by improving customer-based ownership of the Bank.

Strengthening our distribution network

We are strengthening our distribution network and also increasing the breadth of our offerings by:

1. **Capitalising on efficiencies (on-scale and location of branches)**
2. **Enhancing channels and platforms to provide most services digitally**
3. **Embracing digital solutions and AI**
4. **Upgrading our core banking system in 2024**

Progress in 2024

We have strengthened our systems, tools and processes as a part of accelerating growth in the Group, and are working on creating an optimal platform that steers the Bank into growth mode.

We are working on bringing about structural changes and making our Frontline, Middle and Backoffice seamless in order to upscale opportunities, optimise costs and provide better customer experience. We are also strengthening our relationships and entrenching ourselves further in areas with an existing presence.

Key areas of progress

- **Compliance:** We significantly strengthened our compliance function, bringing in more resources and expertise development to ensure regulatory requirements are being adhered to.
- **Information Technology:** We recently achieved a significant milestone with the migration of the core banking system to the latest platform version, enriching the Bank's banking ecosystem and facilitating adaptation of regulatory-compliant new business models.
- **Digital progress:** We registered significant growth in our digital userbase and service enhancements across all the digital platforms.

Strategic growth levers for 2025

Strengthening the capital base

Enhancing operational efficiencies

Safeguarding business against market volatilities through robust compliance

Enabling risk management and controls

Key areas of focus

- **Strong governance and controls**
- **Robust asset quality**
- **Regulatory compliance**
- **Strengthening capital and liquidity**
- **Operational efficiencies**
- **A lean, secure and sustainable business model**
- **Being the organisation of champions**
- **Launching enabling technologies**

Our strategy continued

Grow

Diversify | Innovate | Expand

Our priorities: The Bank is working on growing the business by growing our books and enhancing our Deposits and Cash Balances. It is targeting maintaining and growing our bottom line, and writing more business in a low-interest rate regime, benefiting to all sectors of the economy.

Expanding our presence beyond the UAE

As a key part of the strategy, the Bank is seeking more business outside the UAE by expanding its physical presence, strengthening its digital presence or by using the local balance sheet to partake in transactions within the GCC, and its existing franchises in Pakistan and Kenya.

The Bank is solidifying its focus on establishing a presence the key markets, such as in Saudi Arabia, while continuing to effectively leverage its balance sheet in the existing markets. Its key focus is to structure, facilitate and partake in transactions, and expand its presence in markets like Indonesia and Turkey. It is expanding its digital presence and enhancing its experience into other areas, and will continue to grow from this perspective.

Evolving product lines

The Bank is working on advancing its product lines and embedding sustainability within all the product lines. It will continue making progress by pushing the franchise, leveraging available opportunities and participating in new and growing markets.

Progress in 2024

We have improved our financial performance with growth in our Revenues, Total Income and bottom line, and also our business portfolio. We are growing the share of our relationships and strengthening our digitisation efforts to enhance efficiency. We are also inculcating structural changes to be able to do more business and add more product lines.

Strategic growth levers for 2025

Deliver balance sheet growth through deeper penetration of existing customer base

Targeting new customer segments

Enhancing and expanding global operations

Key areas of focus:

- **Core business growth**
- **Customer growth**
- **Data and analytics fuelling business decision making**
- **Expanding market coverage**
- **International growth and expansion**
- **Embedding ESG across the Group**
- **Digital ambitions supporting acquisitions, SQ and efficiencies**
- **Expanding market coverage**

Stakeholder engagement

Engaging with our stakeholders

Integrating sustainability is at the heart and core of the Bank's decision making and requires us to engage with our stakeholders on a regular basis to gain a better understanding of their needs and expectations.

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. By reporting on our ESG performance and communicating our key strategic decisions, we earn the trust of our stakeholders.

Customers | Economy | Investors | Society and environment | Peer group | Regulators

Our stakeholders

Through regular surveys, dialogues, and consultations, we gather insights that inform our sustainability initiatives and materiality assessments. These assessments identify priority areas where the Bank can have the most impact, enabling us to allocate resources efficiently and address the concerns that matter most to our stakeholders.

Step 1: IDENTIFY

- As a first step in our materiality assessment process, we identify the key issues that are most relevant to our stakeholders.
- We engage with various stakeholder groups through face-to-face engagements, employee surveys, investor roadshows, and thought leadership sessions with industry bodies and special-interest groups.
- This comprehensive process ensures that we capture a diverse set of perspectives and insights to identify the issues that matter most to our business.

Step 2: PRIORITISE

- Given the wide range of issues raised by our stakeholders, we prioritise the matters most critical to long-term success.
- We establish clear thresholds to distinguish between material and non-material matters, ensuring that the most impactful issues are not overshadowed by less significant concerns.
- We prioritise the issues based on their relevance to strategy, operations, and our ability to deliver long-term value.
- This process helps us focus on matters that can have the greatest impact on our business performance and stakeholder relations.

Step 3: APPLY & VALIDATE

- Once material matters have been prioritised, we assess their implications on DIB's strategy, performance metrics, and targets.
- We apply this assessment to ensure that resources and investments are allocated effectively to address the most critical areas.
- In this step, we also validate that the identified material matters are incorporated into our business planning, decision-making processes, and risk management strategies.
- This ensures that we are making decisions based on the most relevant and impactful issues and that risks related to these matters are effectively managed.

Step 4: ASSESS

- We periodically assess the effectiveness of our materiality process to ensure it remains aligned with evolving business priorities and stakeholder expectations.
- Through ongoing reviews, we continue to address critical material matters in our strategy and business operations.
- The assessment will help us adjust our approach as necessary, ensuring that our strategy remains relevant, responsive, and aligned with long-term value creation for our stakeholders.

Stakeholder engagement continued

How our engagements have informed our strategies

1

Voices of policy makers and regulators

National and global entities have been steering the conversation towards a sustainable future. Our engagements with the UAE Ministry of Climate Change and Environment, as well as 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.

2

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.

3

Insights from investors

Our shareholders, spearheaded by the Investment Corporation of Dubai, along with feedback from institutional investors and fund managers, 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 are constantly refining our practices to maintain and grow this trust.

4

Commitment to society

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

Ensuring that our actions resonate with our stakeholders and their priorities

Regulatory alignment	Guided by local and global directives, we are ensuring that 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 are an active participant in societal progress.

Key performance indicators

Performance and progress

Key performance indicators are regularly reviewed by the Board, to evidence performance against the Group's most important priorities.

These include measures for assessing financial and non-financial performance and balancing the interests of various stakeholders, including customers, shareholders, and the employees. The Group takes into account the financial performance and specific conduct and risk management controls.

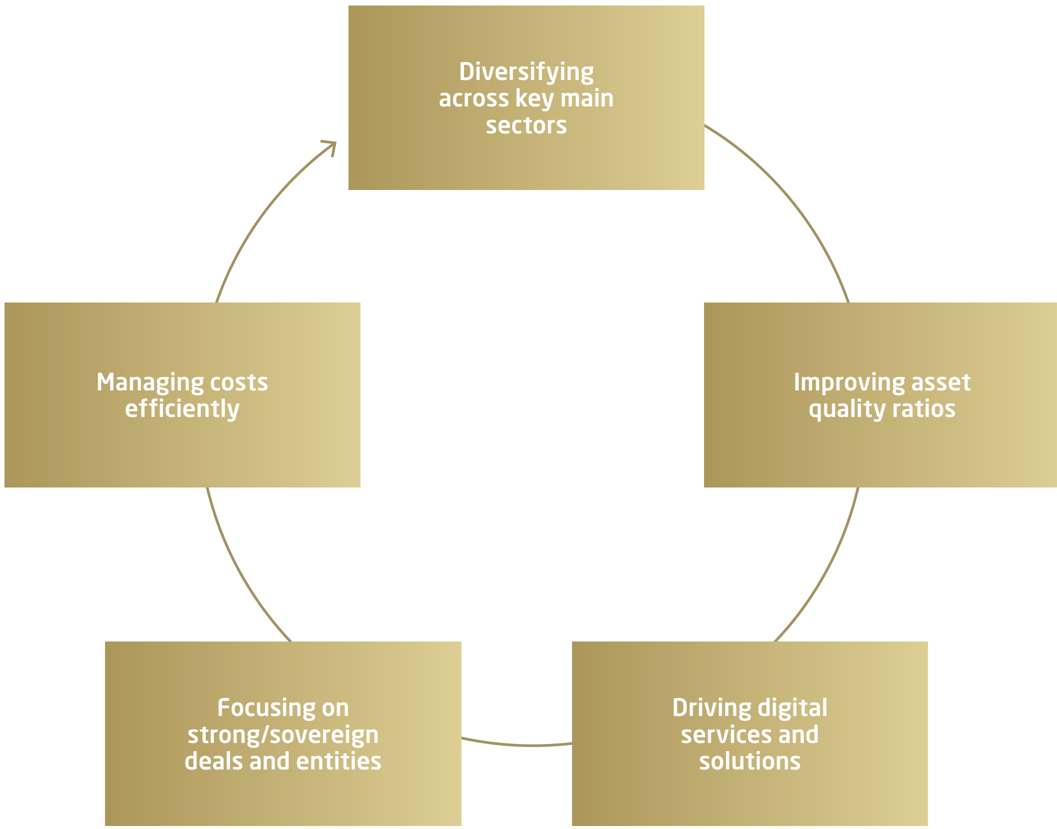
Key highlights in 2024

- Strong growth in total income by 16% YoY to **AED 23.3 billion.**
- Pre-Tax Profit of **AED 9.0 billion**, a robust growth of 27% YoY.
- Net Operating Revenue up 10% to **AED 12.8 billion.**

Balance sheet

- Total assets at **AED 345 billion**, growing by 10%.
- Financing assets grew by 7% to reach **AED 212 billion.**
- Sukuk investments witnessed a strong growth of 20% to reach **AED 82 billion.**
- Gross new underwriting of more than **AED 100 billion.**

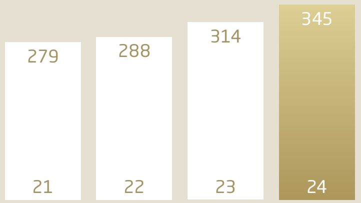
The Bank is driving higher revenue growth and sustainable margins, and also improving its return ratios by:



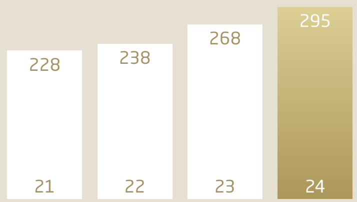
Key performance indicators continued

Our solid performance

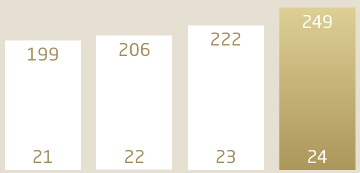
Asset growth (AED billion)



Net financing and Sukuk (AED billion)

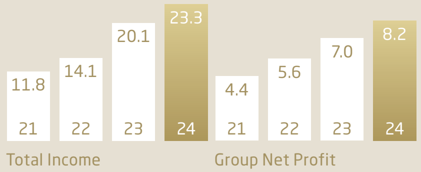


Deposits (AED billion)

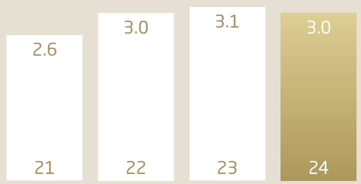


Profitability and cost structure

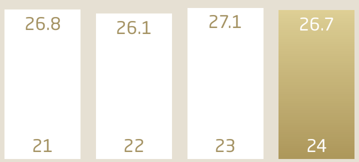
Profitability (AED billion)



Net profit margin (%)

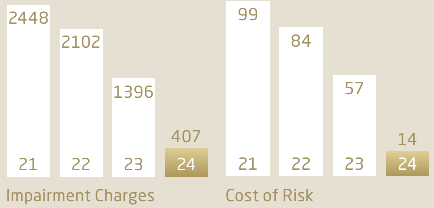


Cost to income (%)

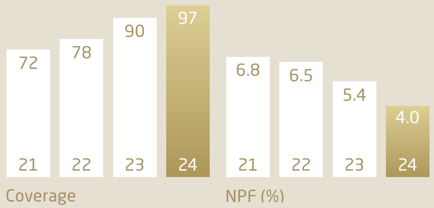


Asset quality

Impairment charges (AED Million) and cost of risk (bps)



Coverage (%)

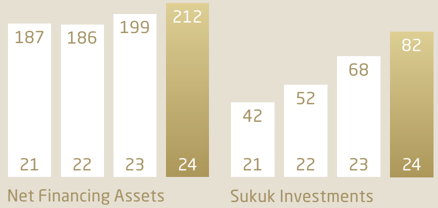


Breakdown of Financing Portfolio by Sector (%)

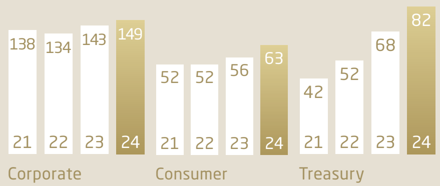
- Consumer and Corporate books displayed robust growth momentum, up 13% YoY and 4% YoY, respectively
- Strong growth in Sukuk investments of 21% YoY to AED 82 billion

Financing a sustainable future

Deployment of funds/financing (AED billion)



Net deployed by segment (AED billion)



Business review

Our business segments

We operate through the below business segments.

Consumer Banking

Consumer Banking is the largest business area within the Group in terms of net operating income and serves most of the retail segment in the market through a broad range of retail products and services, including Auto finance, cards,home finance, personal finance as well as our green offerings.

DIB also offers a comprehensive suite of Sharia-compliant financial products and services tailored to meet the needs of small and medium enterprises including specialized business accounts, financing solutions and credit guarantee schemes designed to facilitate growth and contribute to the UAE's economic diversification objectives.

→ For more information go to **page 30**

Corporate Banking

Corporate Banking is the second largest business area within the Group in terms of net operating net operating income. The business offers a comprehensive corporate banking suite designed to meet the diverse needs of businesses in the UAE and beyond. Corporate Banking comprises of teams which are organized on both a geographic and product specific basis and manages various relationships (including large corporates, middle market, contracting finance and real estate finance companies) and is instrumental in leveraging its client relationships to cross-sell other products offered by the Group, including debt capital market and treasury product services.

→ For more information go to **page 33**

Investment Banking

Investment Banking acts as the financial advisor and dealmaker for a diversified base of the Bank's clients including sovereigns, quasi-sovereigns, large corporates and financial institutions. The team helps our clients raise funding in form of Sukuk, financing solutions, structured products as well as IPOs - essentially facilitating complex financial transactions to achieve strategic objectives of these clients.

Investment Banking also manages the Bank's cross border coverage and financing of our non-UAE clients - which is a key pillar of our growth strategy.

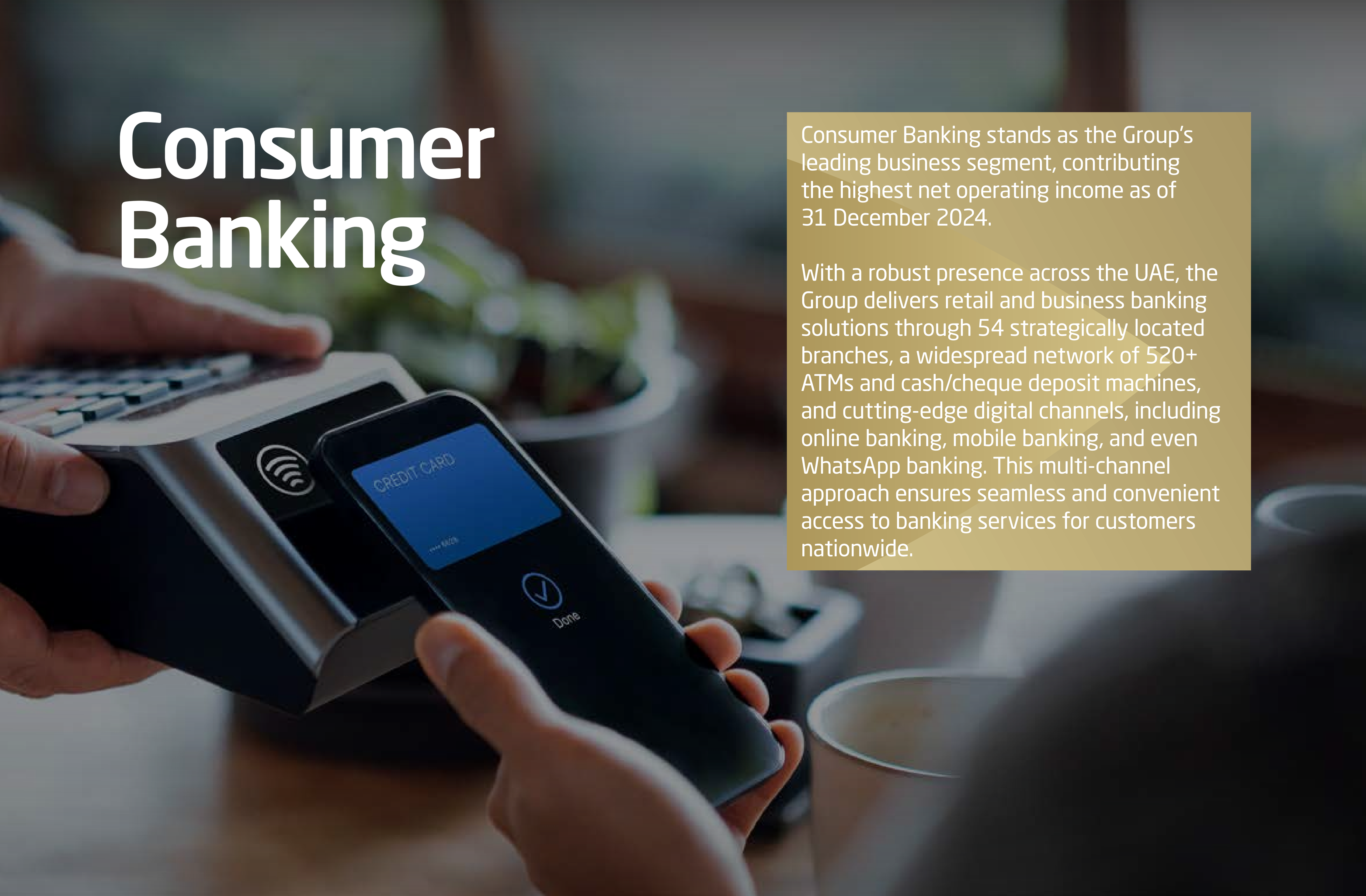
→ For more information go to **page 35**

Treasury

Treasury is an essential part of the Bank. Treasury focuses on optimizing the use of assets, managing overall liquidity and risk, while enhancing return for the bank. Treasury provides a range of Sharia compliant products including Foreign Exchange, Profit Rate Hedging, Commodity Hedging, Fixed Income Sales (Sukuk), and Structured Investment solutions.

→ For more information go to **page 37**

Consumer Banking



Consumer Banking stands as the Group's leading business segment, contributing the highest net operating income as of 31 December 2024.

With a robust presence across the UAE, the Group delivers retail and business banking solutions through 54 strategically located branches, a widespread network of 520+ ATMs and cash/cheque deposit machines, and cutting-edge digital channels, including online banking, mobile banking, and even WhatsApp banking. This multi-channel approach ensures seamless and convenient access to banking services for customers nationwide.

Business review continued

Our largest business area

The Group offers its consumer banking customers a broad range of retail products and services.

Auto finance

DIB is a leading provider of Sharia-compliant auto financing in the UAE. Its offerings include:

Financing for individuals and businesses,

- **EVolve:** A holistic solution promoting electric and hybrid vehicle adoption to support a cleaner environment
- **DIB ACCESS:** A dedicated auto finance program for People of Determination, ensuring inclusivity and accessibility

Sharia-compliant cards

As part of its growth strategy through strategic alliances, the Group continues to expand its Sharia-compliant credit card portfolio, with several new offerings in the pipeline – including products aligned with ESG principles.

In early 2024, DIB launched the SHAMS Visa Covered Card in partnership with Visa. Designed to cater to diverse customer segments, including the affluent and emerging affluent, the card offers exclusive benefits such as:

- 5% cashback on dining and travel expenditures,
- Complimentary access to Fitness First,
- Costa Coffee purchases,
- Golf rounds and valet parking.

Additionally, SHAMS cardholders can earn Wala'a rewards on their spending, redeemable for flights, hotels, cash, retail transactions, and more.

Green offerings

In line with its commitment to sustainability and sustainable finance, DIB also provides sustainable products such as green auto finance (EVolve), Nest sustainable home finance solutions and Life sustainable personal finance journey.

Personal finance

The Group's personal finance solutions cater to individual needs through Murabaha and Ijara products. Additionally, DIB offers NBC Sukuk-based deferred sales, providing customers with upfront cash payments. This product operates on a fixed-price sale contract, allowing customers to receive the full price upfront while delivering goods on a deferred basis.

Retail home finance

As the UAE's leading home finance provider, DIB offers comprehensive solutions for both residential and commercial properties across all seven Emirates. Key features include:

- Financing for freehold and non-freehold properties,
- Options for ready, under-construction, and self-constructed properties,
- Partnerships with government housing schemes.

Building on the momentum of COP28 and its sustainability pledge, DIB introduced Nest, a sustainable home finance program. Nest empowers customers to invest in green homes, offering ancillary financing for solar panels and sustainable construction materials, fostering environmentally conscious communities.

SME Business Solutions

The Group supports small- and medium-sized enterprises (SMEs) with a suite of Sharia-compliant products and services, leveraging Murabaha and Sukuk-based structures to drive growth and innovation.

Business review continued

Investment funds

The Group offers a diverse portfolio of Sharia-compliant investment products, catering to various asset classes such as:

- Cash,
- Commodities,
- Fixed Income Securities,
- Equities.

In collaboration with leading investment houses, the Group provides structured products with varied currencies, maturities, market exposures, and capital protection options, ensuring clients have access to a wide range of investment opportunities

IPO/capital markets subscription services

The Group offers subscription services on selected IPOs. The Group provides this service to companies approved for investment in accordance with Sharia law.

Wajaha private banking

Wealth management services are delivered through four exclusive Wajaha centres located in Abu Dhabi, Al Ain, Dubai, and Sharjah. Key offerings include:

- Personal Relationship Managers,
- Financial Planning Services,
- Tailor-Made Products,
- Exclusive benefits such as international concierge services, travel insurance, ticket exchange, and cash services.

Aayan exclusive banking

Aayan Exclusive Banking caters to high-net-worth individuals, providing bespoke investment and financial solutions. With 11 Aayan centres across the UAE, the Group ensures premium service and personalised attention for its elite clientele.

Additional retail segments

Consumer Banking serves diverse customer segments, categorized by deposit levels:

- Mumayyaz: Targeting the upper mass segment,
- Mass Segment: Catering to the broader customer base,
- Lower Mass Segment: Designed for entry-level customers.

Tailored offerings have been developed to meet the unique needs of each segment, ensuring personalized banking experiences.

Beyond its 54 branches across the UAE, the Group provides self-service solutions via DIB alt digital banking that include:

- DIB alt online banking
- DIB alt mobile banking app
- DIB alt phone banking
- DIB alt on WhatsApp

These platforms empower customers with greater flexibility, enabling account inquiries, payments, and a wide range of banking services at their fingertips.

Corporate Banking

Corporate Banking is the Group's second-largest business area by net operating revenue, serving a wide range of clients across both the private and public sectors. The segment provides a comprehensive suite of modern Islamic financing solutions, including financing products, trade finance services, transaction banking solutions, and other credit facilities, alongside deposit and current accounts tailored for corporate and institutional customers.

This segment plays a critical role in leveraging its strong client relationships to cross-sell other Bank offerings, such as investment banking and treasury services, thereby delivering added value and strengthening customer partnerships.

Business review continued

The second largest business area

Corporate Banking is the second largest business area within the Group in terms of net operating income as of 31 December 2024.

The bank's corporate banking division provides a range of Sharia-compliant financial solutions tailored for large enterprises and institutions.

Financial Products and solutions
Which include Murabaha, Mudaraba, Istana and Musharaka products tailored to the needs of the Group's wholesale banking customers

Transaction Banking
DIB offers flexible cash management solutions to help corporations optimize their financial operations.

DCM, Syndications, and Cross Border Services
The bank provides expertise in debt capital markets, syndicated and cross border financing, and international transactions.

Real Estate Financing
DIB offers specialized solutions for corporate real estate projects.

Trade Finance
The bank provides customizable products and services to handle all aspects of local and international business trade requirements.

Foreign Exchange Solutions
DIB offers innovative solutions for complex foreign exchange requirements at competitive rates.

Investment Services
The bank provides financial tools designed to enhance investment returns, minimize risk, and maximize fund performance.

The Corporate banking division aims to secure and maintain relationships within the global financial sector, offering tailored solutions that cater to the specific needs of large corporate clients. The bank's approach combines Sharia-compliant financial products with modern banking technology to support the growth and success of its corporate clientele.

Investment Banking

In 2024, DIB continued to be at the forefront of the Islamic capital markets having completed over 50 deals raising ~USD 38bn in debt capital markets and USD ~20bn in cross border financing for a range of clients including sovereigns, supranational, quasi-sovereigns, corporates and financial institutions.

The team also continued to increase focus on sustainable funding with USD 6.0bn worth of deals in ESG space. This strong performance has led to DIB's position as No. 1 ranked GCC bank in the US Dollar International Sukuk League Table and 2nd in the EMEA Islamic Financing League Table in 2024.

Business review continued

A leading player in the global Islamic capital markets space

DIB's Investment Banking division 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 Investment Banking comprises of:
- Debt Capital Markets
- Financing Solutions
- Equity Capital Markets & Structured Finance
- Cross Border Origination

The investment banking's dedicated specialists provide innovative sharia compliant capital raising solutions to a diversified base of clients across the globe.

The Investment Banking has been a pioneer in structuring Sukuk issuances in the debt capital markets along with its effective distribution to a range of widespread investors having completed more than 200 Sukuk issuances. The division is also mandated for cross border financing portfolio of the bank whereby the division has successfully executed complex sharia compliant transactions in GCC, Asia, Turkey and Africa.

DIB's Investment Banking's strong performance is underpinned by its No.1 ranking amongst GCC banks in the US Dollar International Sukuk League Table and 2nd position in the EMEA Islamic Financing League Table.

What we offer

The segment primarily provide funding solutions for a diversified base of clients in terms of Sukuk issuance, financing solutions and IPO and advisory services.

Products and services

- Syndicated Term Finance Facility
- Revolving Credit / Term Finance Facility
- Leveraged & Acquisition Financing
- Project Financing
- Bridge Financing
- Sukuk Issuance and Advisory
- Investor Distribution
- IPO Advisory & Distribution
- Corporate Advisory
- Sharia Compliant Structuring

DIB participated in more than USD 6.4 bn of green & sustainable sukuk's in 2024, up by more than 35% YoY compared to USD 4.5bn in 2023.

USD 2.25bn
2022

USD 4.50bn
2023

USD 6.20bn
2024

Treasury

Treasury is an essential part of the Bank. Treasury focuses on optimizing the use of assets, managing overall liquidity and risk, while enhancing return for the bank.

Treasury provides a range of Sharia compliant products including Foreign Exchange, Profit Rate Hedging, Commodity Hedging, Fixed Income Sales (Sukuk), and Structured Investment solutions. Treasury also manages the Bank's Sukuk Investment book along with long term funding arrangement via the capital markets.

Business review continued

Third largest business area offering comprehensive solutions and risk advisory services.

Treasury forms an essential part of the Group's commitment to the Sharia-compliant banking industry. Treasury offers a comprehensive range of products backed by the Group's expert understanding of domestic and international financial markets.

Treasury works closely with Corporate Banking, Consumer Banking and Investment Banking to address their clients' foreign exchange, Islamic derivatives, fixed income (sukuk), structured investment products, liabilities and funding requirements. Its principal customers are the Group's corporate customers, financial institutions, high-net-worth individuals, small - and - medium size companies and similar businesses. The products offered to these customers include plain vanilla currency contracts, flexible delivery currency contracts, profit-enhanced products, multi-currency hedging instruments and other bespoke Sharia-compliant financial solutions.

Treasury is also responsible for building and maintaining relationships with the financial institutions sector across the globe to lend franchise support for correspondent banking activities and facilitate trade activities. Relationship with financial institutions leverages debt issuance mandates and identifies new investors for Group's own funding requirements. The Group's network of correspondent banks comprises leading financial institutions which provide trade services adding value and service to the Group's branches and business units. The Group's correspondent banks offer one or more of the following services: remittance and payments, trade advising and confirmations.

Treasury also manages the Group's liquidity requirements, sukuk investment portfolio and funding through the capital markets, and acts under the supervision of the Asset and Liability Management Committee (ALCO). Treasury actively manages overall liquidity and risks while maintaining ratios in accordance with Central Bank guidelines.

Our people

Building a sustainable and inclusive work environment

Human capital is at the heart of our success. We are building a more balanced and inclusive organisation that promotes cultural agility, a global mindset, and diversity of experience.

Our human capital can be attributed to our diversified and competent workforce, capable leadership and empowering culture, and efficient operational excellence.

At Dubai Islamic Bank, we have strategically positioned our workforce, consisting of more than 4,500 employees in the UAE, as a cornerstone for achieving our mission. By investing in our employees, fostering innovation, and promoting an inclusive culture, we continue to align our People Strategy with our long-term objectives.

The Bank has been consistently recognised as an "Employer of Choice" for its unwavering and unrelenting commitment to providing high-quality career growth opportunities, fostering diversity, and maintaining an inclusive workplace culture. This recognition stems from its ongoing efforts to promote a supportive, growth-oriented, and equitable workplace, offering employees the tools and opportunities needed to thrive professionally.

Key highlights of 2024:

Below are some key initiatives taken by the Bank during the year:

- Enhanced Emiratisation efforts, with a significant increase in the hiring and training of Emirati professionals.
- Launched new leadership development programmes tailored for Emiratis.
- Launched Attaya, a digital real-time rewards and recognition platform.
- Partnered with educational institutions for internship and graduate recruitment programmes.
- Expanded digital learning tools to make training more accessible and efficient for all employees.
- Organised testimonials/success stories from Emirati employees on Nafis platforms.
- Participated in Career Fairs (Ruya) to promote the Bank's commitment to Emirati talent.
- Enrolled 22 students in a summer training programme, offering hands-on job training across departments.
- Launched the Bankathon initiative focused on empowering young UAE Nationals by training them to be proactive and to implement innovative ESG ideas across the Bank.
- Launched Get Abstract, a digital learning platform designed for senior leaders to stay informed and enhance knowledge.
- Conducted the Learning Rewards programme designed to foster a positive learning culture and to encourage continuous development.
- Organised the ESG and Sustainability Awareness Training Programme with collaboration between the HR Learning team and Sustainability team to increase awareness on ESG and sustainability issues.
- Hired four Emirati People of Determination as part of the Diversity & Inclusion initiative; as well as partnering with dedicated service providers in the UAE to attract and offer opportunities to People of Determination candidates, promoting inclusion and diversity.
- Approximately 35% of employees hired were women, reflecting the Bank's focus on promoting gender diversity in the workforce.
- Enhanced HR Risk Framework focusing on alignment of HR Risk Framework with the Bank's risk appetite addressing key risk areas, including Operational Risk, Market Conduct Risk, Cyber and Information Security Risk, People Risk and Sustainability Risk, and its regular monitoring ensures milestones are achieved, contributing to strengthened risk governance within HR.
- Introduced Diversity, Equity and Inclusion (DEI) Policy to promote a more inclusive workplace.
- Conducted an Employee Engagement Survey, receiving strong participation and positive feedback on the Gallup Engagement Scale. Based on its results, a comprehensive implementation plan has been developed to further enhance employee engagement, which will be fully executed by 2025.
- Established first Employee Resource Group (ERG) for women, focusing on the execution of women-centred initiatives to drive diversity and inclusion within the Bank.

DIB remains steadfast in investing in its workforce, upholding its leadership in the banking sector, while promoting professional development and inclusivity across all levels, including the Emiratisation agenda. A motivated and diverse workforce drives innovation, enhances operational efficiency, and delivers exceptional customer experiences, further solidifying the Bank's leadership in the Islamic financial sector and contributing to the UAE's broader economic and social development goals.

Our people continued

Driving strategic objectives through our People Strategy

Key initiatives:

- Providing employees with access to cutting-edge training programmes, certifications and leadership development courses to ensure they are well equipped to meet the evolving industry demands.
- Nurturing high-potential employees and empowering them to take on leadership roles and drive organisational growth.
- Addressing physical and mental health through comprehensive well-being initiatives.
- Implementing family-focused policies to foster a supportive and productive work environment.
- Actively recruiting, training and developing Emirati talent as part of the UAE's Emiratisation agenda.
- Promoting diversity through programmes focused on women, People of Determination, and youth, thus ensuring an equitable workplace.
- Encouraging innovation and accountability by fostering a culture of ownership.
- Training employees to prioritise customer satisfaction, ensuring the delivery of quality services.
- Leveraging digital tools and platforms to streamline HR processes in order to enhance the employee experience.

Diversity, equity and inclusion

Building a sustainable and inclusive work environment is a steadfast commitment to diversity and inclusion. Recognising that people are the foundation of success, diversity and inclusion serve as critical enablers for creating a workplace where every individual feels valued, respected, and empowered to contribute their best.

In 2024, we introduced a comprehensive Diversity, Equity and Inclusion (DEI) Policy to support employees' physical, mental and emotional well-being, while enhancing the employee value proposition through improved benefits. To foster a culture where everyone has an equal opportunity to thrive, we launched several initiatives on leadership development of women, tailored training for People of Determination, and mentorship for young professionals. Our workforce reflects a rich mix of talent from diverse backgrounds, with targeted efforts to promote inclusivity across key areas.

Gender diversity

We are proud to have 30% female representation among our employees, with an increasing representation of women in leadership and decision-making roles. Our dedicated initiatives provide support in advancing women's careers in the banking sector.

National representations

Our workforce consists of 46% Emirati employees as part of our Emiratisation drive, contributing to the UAE's vision for national workforce development. By prioritising Emiratisation initiatives and offering career development for Emirati women, we align with these national goals and demonstrate our role as a socially responsible organisation.

Inclusion of People of Determination

We are committed targeted hiring and support initiatives for People of Determination, ensuring that they have equal access to the opportunities and resources needed to succeed within the organisation.

Culture diversity

Our employees belong to 60 diverse nationalities and cultures. This reflects the Bank's global outlook and a strong commitment to inclusivity.

Building the right capabilities and developing capacities

The Bank is committed to building the right capabilities and developing capacities across all levels of the organisation, ensuring that its workforce remains competitive, skilled and aligned with the overall strategic goals. Through targeted upskilling initiatives, comprehensive training programmes and leadership development, the Bank empowers its employees to adapt to the evolving financial landscape.

During the year, all employees of the Bank undertook training, reflecting its strong commitment to continuous learning. A significant portion of these training programmes was designed to address the emerging industry trends, regulatory changes and leadership development.

Key focus areas for capacity building

Emiratisation Programme:

- Dedicated programmes to recruit, train, and retain Emirati talent across levels.
- Collaboration with government bodies and universities to identify and nurture young Emirati professionals.
- 100% Emiratisation at the branch managerial level.
- As part of the Emiratisation strategy, the Bank is committed to hire a minimum of 40 Emiratis annually, in collaboration with the Emirates Institute of Finance ETHRAA programme.

Talent development and leadership programmes:

- Customised training and mentorship initiatives to build leadership and technical skills among the employees.
- Programmes aimed at grooming high-potential Emiratis for senior management roles.
- Identifying high-potential talent through performance evaluation and competency frameworks for advanced training for leadership and specialised roles.

Our people continued

- Equipping employees with the right knowledge to operate effectively.
- Collaboration with leading institutions for executive training modules.

Learning and development platforms:
- Investment in digital learning platforms and professional certifications to upskill employees.
- Regular workshops and training sessions.
- Conduct focused training for technical skills, soft skills and regulatory compliance.
- Programmes to promote inclusivity, cultural awareness and workplace equality.

Employee well-being initiatives:
- Comprehensive physical and mental health programmes to enhance employee productivity.
- Annual wellness campaigns as part of the Bank's ESG and DEI policies.

Diversity and inclusion programmes:
- Special focus on inclusion initiatives for women and People of Determination, fostering an inclusive and equitable work environment.

Recognition programme:
- Launch of Attaya a digital real-time rewards and recognition platform. This platform is designed to celebrate the achievements and contribution of employees, fostering a culture of appreciation and collaboration in the organisation with an aim to create a more engaged and motivated workforce.

Attracting new talent

DIB employs a strategic and innovative approach to attracting, grooming and retaining talent, ensuring the Bank remains an employer of choice. Recognising the importance of human capital, the Bank has introduced several initiatives and practices to create a dynamic and growth-oriented workplace.

The Bank attracts new talent by:
- leveraging digital platforms and social media to reach a broad pool of qualified candidates;
- hosting job fairs and participating in university career events to identify and attract young talent;
- developing strategic partnerships with universities and educations institutions to recruit high-potential graduates;
- introducing dedicated programmes to recruit Emirati talent, aligning with the UAE's national workforce development goals;
- developing internship and graduate programmes tailored to equip Emirati professionals with essential banking skills;
- positioning DIB as a desirable workplace through recognitions, awards and publicising employee success stories; and
- highlighting the Bank's commitment to diversity, inclusion and employee well-being.

Talent retention and management

New practices in talent grooming and retention
- Structured induction processes to ensure new employees integrate smoothly.
- Training sessions on DIB's core values.
- Customised training programmes to develop required skill-sets and leadership skills.
- Access to e-learning platform.
- Initiatives focused on high-potential employees for leadership roles through workshops and extensive high-potential programmes.
- Implementation of wellness programmes and mental health support to enhance employee satisfaction.
- Regular employee engagement activities to foster a positive workplace culture.
- Special programmes for women, People of Determination and youth to ensure equitable career growth.
- Diversity training to promote cultural awareness and inclusivity.
- Incentives and recognition programmes to retain top talent.

Performance-driven culture

DIB prioritises fostering a performance-based culture that aligns individual and organisational goals, driving excellence and innovation across all levels. The implementation of a robust performance management system ensures that employees are evaluated, accountable and rewarded for their contributions.

Implementing a performance management system
- Employee goals are directly aligned with the Bank's overall strategy to ensure focused efforts and meaningful contributions.
- Clear role definitions and key performance indicators are assigned to each employee.
- Performance outcomes are linked to tailored training programmes, enabling employees to address skill gaps and enhance capabilities.
- Structured annual and mid-year performance reviews assess achievements and align goals.
- One-on-one meetings between employees and line managers ensure continuous improvement.
- A comprehensive framework outlines the technical, behavioural, and leadership competencies required for each role.
- Assessments are conducted to ensure employees meet or exceed these standards.
- Assessments encompass not only performance metrics, but also behaviours that align with the organisation's core values, emphasising the significance of ethical conduct in achieving business objectives.
- Rewards and bonuses are linked to performance outcomes.
- Transparency and fairness in evaluations are ensured.

By fostering a performance-based culture and implementing a robust management system, the Bank drives employee engagement and accountability; encourages continuous improvement and skill development; and aligns individual efforts with the organisational success, thereby enabling sustained growth and innovation.

Technology

Quantifying the impact of technology

Digitalisation has been at the forefront of our strategy. We recognise the pivotal role technology plays in driving innovation, enhancing efficiency, and fostering economic growth. In alignment with the UAE's vision of embracing digital transformation, we have adopted a multifaceted and comprehensive approach towards digitalisation.

DIB has been investing across the whole fabric of technology, including modernisation of core infrastructure, transformation of core banking systems, reformation of customer onboarding journeys and monetisation of data to revitalise customer journeys and deliver a flawless and consistent experience to its customers.

Ongoing digitalisation is changing customer behaviour, while demand for digital financial products continues to grow rapidly. In order to best accommodate these changing customer needs, the technical and organisational framework conditions are continually optimised and further developed. Our focus continues to be on transforming branches and expanding digital customer acquisition.

DIB signs partnership with Crypto.com

In December of 2024, GCEO Dr Adnan Chilwan witnessed Crypto.com's President of UAE Operations, Mr. Mohammed Al Hakim, and DIB's Chief Digital Officer, Mr. Musabbah Al Qaizi, sign a Memorandum of Understanding to spearhead the promotion of Crypto.com App and Card through DIB's channels.

Both entities will explore multiple opportunities to introduce Sharia-compliant platforms including tokenized Islamic Sukuks and real-world asset tokenization.

Committed to the UAE's vision

Our commitment to this vision is demonstrated through the following initiatives:

a. **Strategic investment in digital infrastructure:** We are investing significantly in advanced digital infrastructure to support the seamless integration of new technologies. This includes adoption of cloud computing, advanced data analytics, and AI-driven solutions, which enable us to stay at the forefront of technological advancements.

b. **Digital skill development:** We are prioritising the development of digital skills across our workforce. By offering continuous training and professional development programmes, we ensure that our employees are equipped with necessary competencies to thrive in a digital-first environment. This empowers our team to contribute effectively to the digital transformation journey.

c. **Innovative digital solutions:** Our focus on digital product development and process automation is in line with the UAE's objective of transitioning from traditional to digital IT spend. We are actively developing and implementing innovative digital solutions that streamline operations, enhance customer experiences, and drive business growth.

d. **Collaboration and partnerships:** We are fostering collaborations with leading technology partners and stakeholders to leverage cutting-edge digital technologies. These partnerships enable us to bring the best digital practices to our operations and contribute to the wider digital ecosystem in the UAE.

e. **Sustainable digital practices:** We are committed to sustainability and the responsible use of digital technology. By implementing green IT initiatives and promoting energy-efficient digital solutions, we align with the UAE's vision of sustainable and inclusive growth.

Technology continued

Early adopters of AI

The Bank is one of the early adopters of AI capabilities and has gained significant competencies such as real-time analysis of customer actions and behaviours with the help of advanced algorithms written on Machine Learning platforms. This is helping the Bank deliver contextualised experiences to its customers during product selection process. Likewise, distributed cloud technologies are widely used by the Bank as such strategic moves are helping it stay up to date with industry innovations and provide significantly improved resiliency to business services.

Responding to customer needs

DIB is also increasingly centralising the development of digital-based standard products and making them available to the subsidiary banks in order to be able to respond more swiftly to customer needs with innovative solutions. For corporate and institutional customers, innovation efforts are focused on:

- Digitalising the product range (e.g., account opening, lending and trade finance, investment products); and
- Improving the customer experience with regard to services.

The customer focus is to be strengthened by transforming core IT into a modular and scalable architecture, expanding data security and availability, and further developing analytical capabilities through AI and advanced analytics.

Aligning our systems

To successfully transition to a digitised and automated framework, the Bank is implementing a comprehensive strategy that encompasses the alignment of systems, processes, and manpower:

Systems integration:

- **Digital platforms:** The Bank is investing in cutting-edge digital platforms and technologies that facilitate seamless integration across various departments and functions. This includes cloud-based solutions, AI-driven analytics tools, and advanced CRM systems.
- **Data management:** Robust data management systems are being established to ensure accurate, real-time data collection, storage, and analysis. This enables data-driven decision making and enhances operational efficiency.
- **Cybersecurity:** To safeguard sensitive data and maintain customer trust, the Bank is implementing stringent cybersecurity measures, including encryption, multi-factor authentication, and regular security audits.

Process Optimisation:

- **Automation of routine tasks:** Routine and repetitive tasks are being automated using robotic process automation (RPA) and AI technologies. This reduces manual intervention, minimises errors, and frees up resources for more strategic activities.
- **Process re-engineering:** Existing processes are being re-engineered to align with digital workflows. This includes streamlining approval processes, enhancing digital communication channels, and optimising customer service operations.
- **Continuous improvement:** The Bank is fostering a culture of continuous improvement by regularly reviewing and refining.

Manpower alignment:

- **Skill development:** The Bank is prioritising the upskilling and reskilling of its workforce to ensure employees are proficient in using new digital tools and technologies. This includes offering training programmes, workshops, and certifications in areas such as AI, data analytics, and digital banking.
- **Change management:** A structured change management approach is being adopted to support employees through the transition. This includes clear communication, regular updates, and providing the necessary resources to adapt to the new digital framework.
- **Talent acquisition:** The Bank is attracting and hiring talent with expertise in digital technologies, automation, and data science. This ensures that the workforce is equipped to drive and sustain the digital transformation.

Digital drive to support overall growth

As the Bank embraces the strategic shift from traditional to digital IT spend, several key benefits are anticipated. Through these strategic benefits, the Bank aims to achieve sustainable growth, enhance its competitive edge, and continue to deliver exceptional value to its customers and stakeholders.

Key benefits of digitalisation:

1. **Enhanced customer experience:** By adopting advanced digital technologies, the Bank can offer a more personalised, seamless, and efficient customer experience. Digital solutions such as mobile banking apps, AI-driven customer service, and online account management will provide customers with convenient and accessible banking services, enhancing overall satisfaction.

Technology continued

2. **Operational efficiency:** The move to digital IT spends enables the Bank to streamline operations and improve efficiency. Automation of routine processes, implementation of cloud-based solutions, and use of data analytics can significantly reduce operational costs, minimise errors, and speed up transaction processing times.
3. **Innovation and agility:** The Bank will be better positioned to innovate and adapt to market changes rapidly. Digital technologies allow for quicker development and deployment of new financial products and services, ensuring the Bank remains competitive and responsive to customer needs and market trends.
4. **Data-driven decision making:** With the integration of advanced data analytics and AI, the Bank can gain deeper insights into customer behaviour, market trends, and operational performance. This data-driven approach empowers the Bank to make informed decisions, optimise strategies, and identify new business opportunities.
5. **Risk management and security:** Digital transformation enhances the Bank's ability to manage risks and ensure security. Advanced cybersecurity measures, real-time monitoring, and predictive analytics can help detect and mitigate potential threats, safeguarding both the Bank's and customers' data.
6. **Sustainability and cost savings:** The shift to digital IT spend supports the Bank's sustainability goals by reducing the need for physical infrastructure and paper-based processes. This not only lowers the Bank's environmental footprint but also generates significant cost savings in the long run.
7. **Employee empowerment:** By equipping employees with modern digital tools and platforms, the Bank can foster a more collaborative, productive, and engaging work environment. Employees will have access to the resources they need to perform their roles more effectively and efficiently.

Benefiting our customers

Key outcomes in 2024

- Digital channels adoption
  - The number of registered users grew by over 12% year on year, reflecting sustained adoption and deeper engagement across our digital platforms.
  - 94% of our customers transacted via digital channels underpinning the continued shift towards digital-first banking and growing preference for seamless, self-service financial solutions.
  - Our digital banking platforms have facilitated over 31 million transactions with up to 97% of total transactions processed by the Bank done via digital platforms.
  - DIB alt mobile banking app maintained high user ratings, with 4.5 on Google Play and 4.3 on the Apple Store, reflecting consistent customer satisfaction and effectiveness of our ongoing enhancements in usability performance and digital experience.
- Digital transactions – 97% of financial and non-financial transactions were processed digitally, reflecting the efficiency and scalability of our end-to-end digital infrastructure, ensuring faster, more secure and frictionless interactions.
- Digital customer acquisition – We offer end-to end digital acquisitions for our customers across our retail business
  - 76% of new-to-bank customers in 2024 onboarded digitally contributing to the Bank's CASA growth ambition.
  - Over 200 million personal finance disbursements were facilitated through fully digitalised services aligning with our digital agenda and reinforcing our commitment to a sustainable, seamless and efficient customer experience.
  - All customer contracts are digitalised, aligning with the Bank's agenda to offer sustainable and efficient service.
- Digitisation & automation – Our CASA onboarding journey for the Business and Corporate Banking segment underwent a major overhaul in 2024 providing seamless experience to Customers and staff
- WhatsApp banking – Our WhatsApp banking offers 30+ services with customer subscription crossing 200K (an increase of over 60% since 2023) underscoring the scalability and market traction of the platform.
- Payment gateway solutions – The CyberSource payments gateway supports e-commerce transactions, with 1,000 merchants onboarded

Technology continued

Digital channels adoption

Customer activity

94% of customers are transacting via digital channels, compared to overall figures

Customer activity

97% of all transactions are processed digitally

WhatsApp banking

Subscribers growth

Offering more than 30 services, with over 200K+ subscribers

Transaction volume

WhatsApp banking transaction volume increased by 27% compared to 2023

Digital customer acquisition

Retail banking

76% of new-to-bank customers are onboarded digitally contributing to CASA growth

Business banking

Digital onboarding enables end-to-end account opening within three days

Personal finance Digital Sales

Finance disbursement

Digital channels facilitated disbursement of 200 million in personal finance

Sustainability

All customer contracts are digitalised, aligning with the Bank's agenda to offer sustainable and efficient service

Internet banking / mobile banking

Userbase growth

Internet banking / mobile banking userbase reached 1.5 million

Transaction volume

Transaction through internet and mobile banking increased by 13% compared with 2023

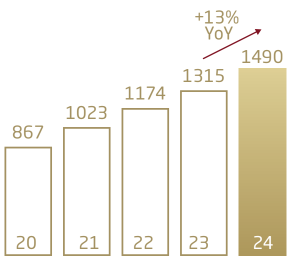
App rating

DIB mobile app maintained high ratings, with 4.5 on Google Play and 4.3 on the Apple Store

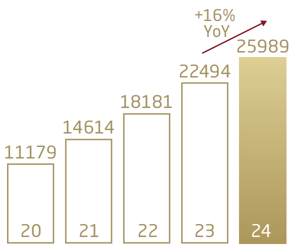
Payment Gateway Solutions

E-commerce support

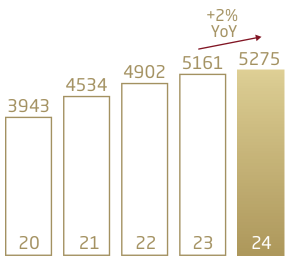
The CyberSource payments gateway supports e-commerce transactions, with 45 direct merchants onboarded



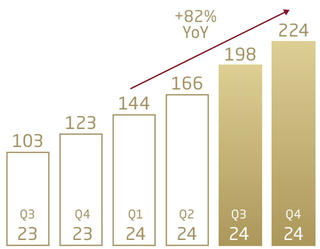
Digital registered userbase
(in thousands)



Mobile banking Transactions
(in thousands)



Internet banking Transactions
(in thousands)



WhatsApp subscribers
(in thousands)

Risk management

A proactive strategy

The Bank promotes a constructive and proactive approach towards risk management to monitor and minimise negative effects.

Group Risk Management Framework

- Dubai Islamic Bank maintains a proactive risk management strategy and culture as a cornerstone for achieving its objectives. The Bank promotes an environment in which constructive challenges are an integral part of discussions and decisions regarding risk-taking. The Risk Management Framework outlines the principles, approach, governance, roles, and responsibilities. This framework is regularly reviewed and enhanced to address changes in existing risks as well as adapt based on emerging risks.
- The Group's governance structure is anchored by a robust and effective Board who provides strong oversight, reinforced by specialised Board Committees which monitors and evaluates the Bank's risk profile. At the senior management level, various risk committees are tasked with oversight and execution, with daily risk management activities delegated to identified functions.
- Key component of the Bank's framework is the establishment and monitoring of risk appetite and tolerance for all material risk types. Any breaches of tolerances or material drops are duly identified, monitored, quantified, understood and reported to Risk Management Committee and Board Risk Governance and Compliance Committee to ensure proactive actions are taken in order to minimise negative effects.

Risk management continued

Risk type	Risk definition and appetite	Risk management approach
Capital Risk	This is the risk of insufficient level or composition of capital to support the Bank's strategy under normal and stressed conditions and meet the regulatory thresholds. The Bank has a low appetite for any capital shortfalls and remains guided by the Board-approved limits, which are set above the regulatory minimum (where available).	The Bank is committed to maintain a strong risk-based capital position to achieve the strategic objectives and comply with the regulatory guidelines. The Bank assesses capital adequacy on a quarterly basis through the regulatory reporting process and conducts an annual Internal Capital Adequacy Assessment Process (ICAAP), with ongoing monitoring of the underlying parameters throughout the year. Additionally, the Bank also monitors capital adequacy under both normal and stress scenarios to assess and report the impact upon on its capital. The Bank has also put in place a capital contingency plan along with a framework for recovery planning. The oversight of capital management and reporting process is with BRCGC and RMC, with support from Group Risk Management and Finance.
Credit Risk	This is the potential loss arising from the likelihood that a customer or counterparty fails to meet its obligations, in accordance with agreed terms. Under Credit Risk, the Bank also monitors Concentration Risk at a single obligor, in economic sectors and geographies. The Bank has a low appetite for taking risks beyond the Board-approved limits.	The Bank has well-defined credit policies and underwriting standards which are coupled with proactive monitoring of exposures to manage credit risk across the credit lifecycle, from origination to settlement/collection. The Bank employs prudent underwriting approaches backed by a sound analytical framework with accurate and consistent risk ratings across the portfolio. Further, the Bank is committed to adapting its strategies in response to evolving portfolio trends and market conditions. The BRCGC and BCIC are the main Board level committees with oversight of credit risk and are supported by the RMC and MCC. Credit approval and GRM (including Credit Administration and Special Accounts management) are engaged to effectively manage this risk.
Liquidity Risk	This is the risk due to which the Bank will be unable to meet its short term and long-term payment obligations, when they fall due under normal and stress circumstances. The Bank has a low appetite for Liquidity Risk guided by the Board-approved limits which are set above the regulatory minimum (where available).	A comprehensive Liquidity Risk Policy and Contingency Funding Plan have been implemented to effectively manage liquidity risk and minimise funding concentration risk. The Bank diligently monitors maturity mismatches and remains committed to maintaining a well-diversified liability side with adequate investments in instruments, which are readily marketable and diverse to manage unexpected cash flow disruption as well as a liquidity crunch in the markets. The BRCGC is responsible for the oversight of Liquidity Risk, supported by ALCO (active management) and RMC (risk monitoring). Treasury, Finance and GRM are the functions responsible to effectively manage Liquidity Risk.
Market Risk	This is risk that arises if the value of financial instruments in the Bank's books produces a loss because of changes in future market conditions. The Bank has a low appetite for any market risk exposure(s) guided by the Board-approved limits.	As an Islamic institution, the Bank provides hedging and investment solutions to its clients to meet their underlying requirements and squares off its customer deals with interbank counterparties, in order to not carry any significant market risk. Effective monitoring is achieved by defining specific limits and an active monitoring and escalation mechanism. The BRCGC is responsible for the oversight of Market Risk, supported by ALCO (active management) and RMC (risk monitoring). Treasury and GRM are the functions responsible for effectively managing Market Risk.

Risk management continued

Risk type	Risk definition and appetite	Risk management approach
Profit Rate Risk	This is the current or prospective risk to the Bank's capital and earnings arising from adverse movements in profit rates that affect its banking book positions. The Bank has a low appetite for any profit rate risk exposure(s) guided by the Board-approved limits.	The Bank ensures gap risks, basis risks and option risks are duly identified, mitigated and monitored. It is committed to monitor its portfolio and make collaborative business decisions to maintain Profit Rate Risk at an acceptable level in line with the internal limits. The BRCGC is responsible for the oversight of Profit Rate Risk, supported by ALCO (active management) and RMC (risk monitoring). Treasury, Finance and GRM are the functions responsible for effectively managing Profit Rate Risk.
Operational Risk	Operational Risk is the risk of loss resulting from inadequate or failed internal factors (people, process and system) and external factors (such as external frauds, natural disasters) that exist in all of the Bank's activities, including outsourced activities. The Bank has a low appetite for all operational risk exposure(s) guided by the approved limits. Further, there is zero limit towards internal frauds.	The Bank's operational RMF follows the three lines of defence model. Key elements of the framework include process mapping, setting up loss data base, risk analysis and assessment, setting up of risk indicators and finally reporting. The Bank takes concerted efforts to minimise fraud, misappropriation and corrupt practices perpetrated by staff, customer(s) or its contractor (s) and endeavours to put in place effective monitoring mechanisms for prevention and early detection. Further, the Bank also procures Takaful coverages to mitigate Operational Risk. However, these are not considered as a replacement for a strong internal control environment. The Bank utilises Takaful as complementary to, rather than a replacement for, internal Operational Risk controls. The oversight of Operational Risk management and reporting process is with the BRCGC and RMC, with support from the Group Risk Management which collaborates with all functions of the Bank to minimise the effects of operational risk.
Market Conduct Risk	This is the risk that arises when the Bank's consumers suffer loss or detriment due to failures in product design, sales, marketing processes and operational delivery or failures in the behaviour or ethics of the Bank's Employees or Third Parties engaged by the Bank. The Bank has no appetite for any unethical behaviour done consciously by the staff. An unethical staff behaviour, which is determined as done unconsciously, shall also be remediated and subject to investigations and corrective actions to prevent recurrence.	The Bank is committed to maintain the highest level of ethical standards in its interactions with consumers as well as within all its aspects of business operations. The Bank is committed to protecting consumer interests and has established robust processes, controls and mitigations to minimise the effects of Market Conduct Risk in close alignment with regulatory expectations. The Bank has defined separate code of conduct for all its Board members, staff and vendors, and remains committed to ensuring acknowledgment and monitoring adherence. The oversight of Market Conduct Risk management and reporting process is with the BRCGC and RMC, with support from the Group Risk Management which collaborates with all functions of the Bank to minimise the effects of Market Conduct Risk.
Reputational Risk	Reputational Risk arises from any negative perception on the part of customers, counterparties, shareholders, investors or regulators or other relevant parties that can adversely affect the Bank's ability to maintain existing or establish new business relationships and gain continued access to sources of funding. The Bank has no appetite for negative reputational incidents as it conducts its business.	The Bank endeavours to maintain a strong and positive reputation, which would support its efforts to maintain a strong market position, increase shareholder value, forge new business relations, provide confidence to its customers and shareholders, and attract and retain top-notch employees. The Bank is committed to conduct business with the highest ethical standards and transparency to improve its reputation. The Bank has defined communication protocols on official interactions with stakeholders and there are robust crisis management plans in place with a focused communication with its stakeholders. The oversight of Reputational Risk management is with the BRCGC and RMC, with support from the Strategic Communications & Investor Relations and Group Risk Management.

Risk management continued

Risk type	Risk definition and appetite	Risk management approach
Information and Cyber Security Risk	This risk is the potential that a threat will exploit the vulnerability of an information asset or group of assets, which may result in any kind of harm to the organisation. This risk is measured in terms of the likelihood and potential impact of such an event, affecting the confidentiality, integrity, and availability of information. The Bank has a very low appetite for damage to its assets from malicious cyberattacks and risks due to system security breaches. Further, there is no appetite for the deliberate misuse of customer and/or proprietary information.	The Bank is committed to ensuring that its information is authentic, appropriately classified, properly conserved and managed in accordance with regulatory and business requirements. It has robust processes governing the use of information, its management and publication. Monitoring systems are in place where unauthorised data access (internal or external) is promptly identified and investigated. In particular, the Bank shall ensure implementation of adequate security tools, processes and resources for ongoing identification and prevention of information security threats, while remaining agile to minimise the impact of a cyber event. The Bank's Information Security framework is fully aligned with internationally recognised standards, including ISO 27001:2022, PCI DSS, SWIFT CSP controls, UAE Information Assurance Standards, amongst others. The oversight of Information and Cyber Security risk is with BRCGC and RMC, with support from Group Risk Management. Further, the Bank also has a dedicated Information Security Management committee (a sub-committee of RMC) to monitor and prioritise information and cyber security trends and initiatives.
Data Risk	This is the potential for business loss due to poor or lack of data governance, which results in the mismanagement of data. The Bank has no appetite for weak processes of acquiring, validating, storing, protecting and processing data or for the compromise of processes governing the use of data and information, its management and publication.	Data risk is integrated into the Bank's Risk Management Framework and is enhanced by Data Governance policies at both strategic and operational levels. The Bank is committed to ensure that data is of high quality throughout the lifecycle of the data, and to this effect, the Bank has put in place governance and systems that ensure data and information remain authentic, appropriately classified, properly conserved and managed in accordance with legislative and business requirements. A Data Management Office has been created to monitor tactical and operational data management activities. The oversight of Data risk is with BRCGC and RMC, with support from Group Risk Management. Further, the Bank also has a dedicated Data Governance Council (a sub-committee of RMC) to monitor and prioritise information and cyber security trends and initiatives.
Model Risk	This is a potential loss faced by the Bank from making decisions based on inaccurate or erroneous outputs of models due to errors in development, errors in implementation or inappropriate usage of such models. The Bank has a low appetite for model risk as guided by the Board approved limits.	The Bank has a model risk management framework in place that allows it to identify, understand and manage its model risk. As part of this framework, the Bank performs robust independent model validation that provide effective challenge to the model development process and ongoing performance of models. The process identifies limitations that require adjustments or overlays, and issues, validation findings that require remediation, where applicable. The Bank adheres to the model governance framework in line with the regulatory obligations. The oversight of Model risk is with BRCGC and RMC, with support from Group Risk Management. Further, the Bank also has a dedicated Model Risk Management Committee (a sub-committee of RMC) which approves models and effectively monitors various dimensions of model risk.

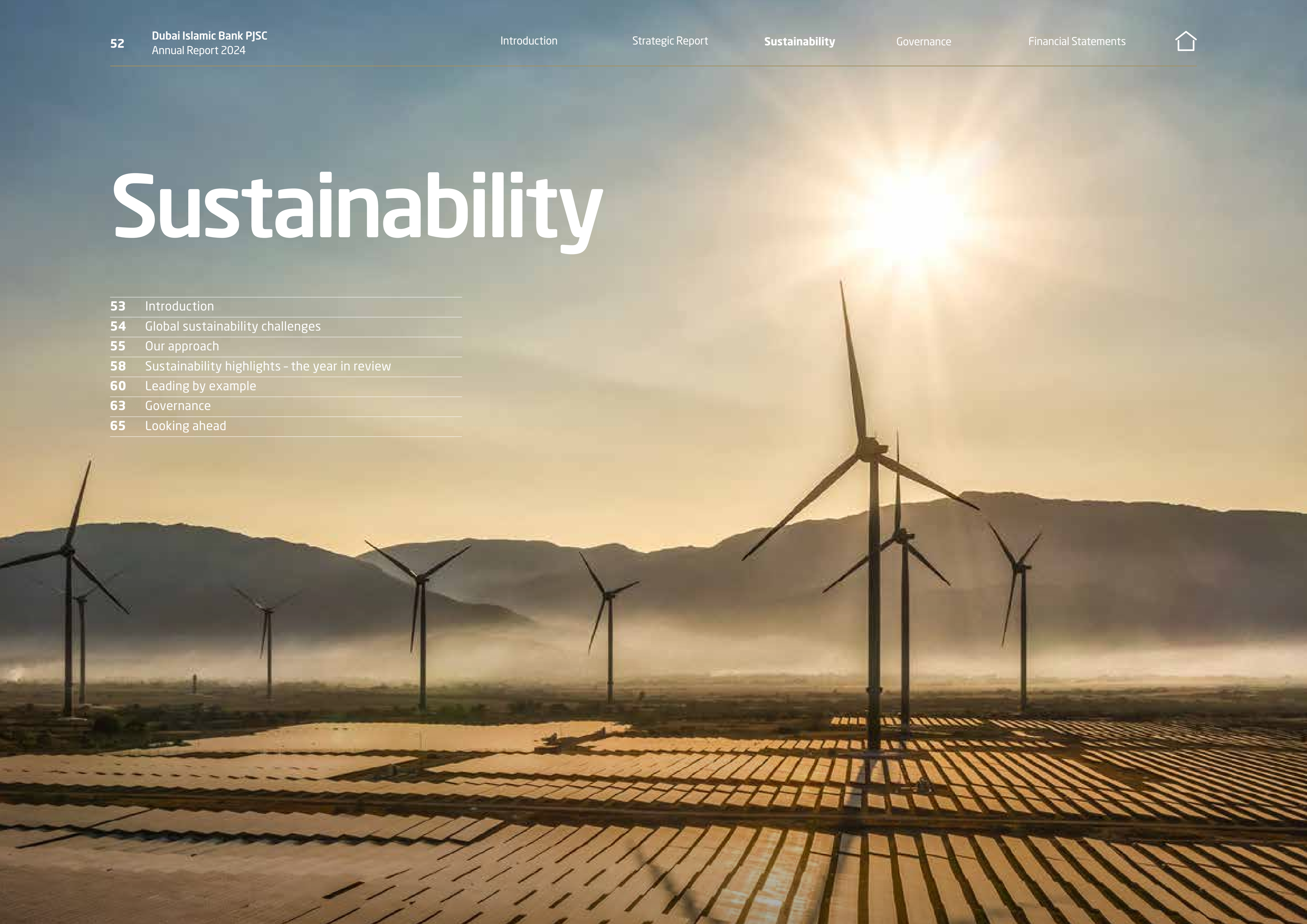
Risk management continued

Risk type	Risk definition and appetite	Risk management approach
Sharia Non-Compliance Risk	This is a risk where a transaction executed by the Bank does not conform to Islamic principles under which the product structure was approved. The Bank has no appetite for Sharia Non-Compliance Risk, which may emanate from products/process design not adhering the Sharia principles (Islamic Sharia) under which they are structured or where employees do not execute the transactions in the correct order or do not follow the Sharia approval requirements.	The Bank manages Sharia non-compliance risk by reviewing and approving structures, documentation, and material transactions before the same are launched, entered into, or executed. The Internal Sharia Supervision Committee and Group Internal Sharia Control also review the Bank's Policies and Processes (along with all products, services and transactions) to ensure their design does not violate Islamic Sharia under which the products, services and material transactions were structured and documented. The oversight of Sharia non-compliance Risk is with the BRCGC and RMC, with support from Group Internal Sharia Control and Group Risk Management. Further, the Bank has an independent Internal Sharia Supervision Committee (ISSC) that oversees all Sharia compliance matters.
Regulatory Compliance Risk	This is the risk of failing to comply with applicable regulations, which may lead to regulatory enforcements such as penalties, loss of licence, or reputational damage. The Bank has zero appetite for any material and/or deliberate breach of applicable laws and/or regulation.	The Bank has a robust regulatory compliance framework. Processes are in place to collect, analyse, implement and monitor regulatory changes through a comprehensive regulatory change management process. Any delays in regulatory implementation are tracked and reported. The Bank's senior management is responsible for designing, implementing, delivering and supporting a framework to ensure appropriate measures are in place to mitigate and manage the Group's Regulatory Compliance Risk. Any material breaches are reported in a timely manner to the relevant regulatory authorities, and the Bank is committed to take all possible measures to remediate breaches, if any. The oversight of Regulatory Compliance Risk is with the BRCGC and Compliance Committee, with support from Group Compliance.
Financial Crime Risk	This is the potential risk of the Bank being used as a conduit for money laundering, terror financing, sanctions evasion, proliferation financing and other predicate offences related to money laundering. The Bank has zero appetite for any deliberate negligence or involvement in or association with money laundering, financing of terrorism, proliferation financing or violation of targeted financial sanctions, or non-compliance with related rules, regulations, laws and policies.	The Bank is determined to conduct its business in a manner that ensures that its products, services, systems or processes are not used for the purpose of money laundering, sanctions evasion and/or terrorist/proliferation financing. The Bank neither accepts nor tolerates any deliberate negligence or involvement in or association with money laundering, financing of terrorism, proliferation financing or violation of targeted financial sanctions, or non-compliance with related rules, regulations, laws and policies. Accordingly, the Bank does not conduct business with or on behalf of individuals or entities that it believes are engaged in illicit activity or present an unacceptably high risk. The oversight of Financial crime risk is with BRCGC and Compliance Committee, with support from Group Compliance.

Risk management continued

Risk type	Risk definition and appetite	Risk management approach
Strategic and Business Risk	Strategic risk is the current or prospective negative impact on earning, capital or reputation arising from adverse strategic decisions, improper implementation of decisions or a lack of responsiveness to industry, economic or technological changes. Business risk refers to the adverse impact on earnings or capital arising from the change in business parameters such as volumes, margins and costs. The Bank has a low appetite for Strategic and Business Risk exposure(s) guided by the Board approved limits.	The Board and senior management are committed to implement and enhance the Bank's strategic planning and monitoring processes. The Bank reviews strategic investment and business opportunities, while maintaining a keen focus on its vision and strategic goals. The oversight of Strategic and Business Risk is with the BRCGC and RMC, with support from Finance and Group Risk Management.
Environ-mental, Social and Governance Risk	This is the potential risk that negatively impacts the Bank's financial performance, reputation, or operational stability arising from environmental, social and governance factors. These risks can stem from the Bank's own operations, its clients' activities or external events. The Bank has a low appetite for any ESG risks guided by the Board approved limits.	The Bank is committed to sustainable development, sustainable finance, and responsible banking, with a proactive approach to managing ESG-related risks. It has integrated ESG and climate-related financial risks into its Risk Management Framework and has implemented an ESG scorecard to inform credit decisions. Recognising the impact of climate change, the Bank has taken steps to identify and manage climate risk, aligning with regulatory guidelines and international standards. The Board Sustainability Committee and BRCGC are the main Board-level committees with oversight of Sustainability and ESG risks and are supported by the Management Sustainability Committee (MSC) and RMC. The Sustainability division and GRM are engaged to effectively manage these ESG risks.

→ For future outlook refer to market overview section



Sustainability

Introduction

Creating value through purpose

From strategy to action

At Dubai Islamic Bank (DIB), sustainability is more than a commitment. It is a fundamental aspect of who we are and how we operate. Our focus on aligning growth with purpose ensures that every initiative we undertake reflects our core values, advances sustainable development, and contributes to the well-being of society and the environment.

With a steadfast dedication to sustainability, we are shaping a future where growth goes hand-in-hand with delivery of meaningful outcomes for our stakeholders. This sustainable approach enables DIB to build lasting trust, foster innovation, and drive progress towards a more sustainable and inclusive future. We continue to embed sustainability into every facet of our operations and ensure that we remain resilient, relevant, and impactful in a rapidly

Global sustainability challenges

Climate change, resource scarcity, and social inequalities are interlinked issues that demand immediate and coordinated action.

These challenges and long-term risks highlight the critical importance of sustainability as a cornerstone of global resilience. These interconnected risks, if left unaddressed, undermine the ecological balance, human well-being and economic security necessary for long-term stability.

Key challenges:

- Climate action failure remains the most significant long-term risk, with insufficient mitigation and adaptation measures exacerbating extreme weather events, resource scarcity, and environmental degradation.
- The degradation of biodiversity and ecosystems poses severe risks to food security, water availability, and global health.
- Natural resource crises, including water and food scarcity, threaten global stability and equitable access to essential resources.

Regional and UAE considerations

The commitment of the UAE on sustainability has resulted in several national initiatives aimed at promoting clean energy, resource conservation, and social progress. DIB's strong focus on these priorities aligns our efforts well with the UAE's overarching and ambitious goals, such as the UAE Net Zero by 2050 initiative.

By supporting sustainability at a regional level, we not only position ourselves as a key player in the UAE's financial landscape, but also emerge as key partners in the country's sustainable development journey. The USD 1-billion Sustainable Sukuk that the Bank issued in February 2024 cements the COP28 commitments, where the largest banks in the UAE pledged AED 1 trillion towards sustainable finance.

DIB's commitment to sustainable finance:
15% of its total gross financing by 2030

Our ethos of sustainability

Recognising the interconnected nature of these risks and challenges, DIB has embraced its responsibility to influence positive change by mobilising capital and driving sustainable practices. Through proactive measures, we aim to mitigate risks, create value, and contribute to long-term economic stability. We understand that sustainability is a vital component of resilient economic systems and that financial institutions have a unique opportunity to deliver on the United Nations' Sustainable Development Goals (SDGs) by channelling resources towards sustainable and impactful initiatives.

- **By strategically allocating capital**, we drive investments into projects and organisations aligned with a sustainable future.
- **By addressing climate action failure**, we finance renewable energy projects, support green infrastructure and enable the transition to low-carbon economies, thus helping reduce emissions, foster cleaner technologies, and align with global climate goals.
- **By propelling sustainable finance**, we enable the development of innovative financial products and services that address these challenges, support climate action, and foster social equity and economic resilience.

The Bank's strategic direction prioritises and promotes organisations with strong ESG performance, incentivising businesses to adopt more sustainable practices. This approach not only mitigates environmental and social risks, but also contributes to a global shift towards responsible and inclusive growth.

Prioritising sustainability - to create long-term value

At DIB, we view sustainability as an opportunity to create long-term value for our clients, employees, investors, and communities. We believe that sustainable finance fosters a culture of responsibility and growth, allowing us to support future generations, while contributing to global economic stability.

By prioritising sustainability, DIB is not only responding to current market expectations, but is also positioning itself as a leader in ethical and socially responsible banking. As a leading financial institution, we are committed to ensure that growth is sustainability-aligned, delivering meaningful impact and value to all our stakeholders.

By integrating sustainability into our growth strategy, we drive positive change that benefits the business and society. Through this approach, we ensure that every step we take contributes to building a sustainable future, while delivering long-term value to all we serve.

Central to our approach is the shared value proposition, that strives to create outcomes where business success goes hand-in-hand with social and environmental progress.

Our approach

Our sustainability journey

Our sustainability journey is deeply rooted in our mission to offer ethical, Sharia-compliant financial services that serve the community.

Early initiatives focused on aligning our operations with Islamic finance principles, which naturally promote social equity and environmental responsibility. Over time, our approach has expanded to incorporate broader ESG principles, making DIB a pioneer in the intersection of Islamic finance and sustainability.

Throughout our history, the Bank has achieved key milestones that highlight our dedication to sustainable growth. These steps demonstrate our commitment to a comprehensive, future-oriented sustainability strategy.

The issuance of the world's first Sustainable Sukuk which provided capital for green projects marked a turning point, blending Islamic finance principles with global green finance goals. The launch of eVolve and Nest reflects our strategy to integrate sustainability into every aspect of our operations, from product offerings to internal policies. In 2024, we updated our Sustainable Finance Framework to align with international standards and introduced a suite of new sustainable investment options, including Sharia-compliant Exchange Traded Funds (ETFs).

Sustainability strategy

The Bank's sustainability strategy reflects a balance between our Islamic finance heritage and the need to address contemporary sustainability challenges. Our approach emphasises proactive risk management, innovation in sustainable finance, and continuous engagement with stakeholders. By maintaining this balance, we ensure that our operations not only meet regulatory requirements, but also contribute to meaningful, positive change.

As we continue to enhance our sustainability performance, we remain committed to building on the momentum, striving to achieve even higher ratings and delivering meaningful, long-term value for our stakeholders.

Our approach continued

Aligning ourselves with UNSDGs

In our 2023 Sustainability Report, we provided a comprehensive overview of our key material issues, which remain central to our sustainability strategy.

Our materiality matrix, while unchanged, continues to serve as a critical tool in guiding our efforts. Looking ahead to 2025, we plan to conduct a double materiality assessment to deepen our understanding of both the external impacts of our operations and the internal factors most critical to our stakeholders.

Using our existing key material issues, we took further steps to ensure we strategically channel our efforts by aligning them with the relevant SDGs. This alignment enables us to focus on areas where we can deliver the greatest impact, ensuring that our initiatives are intentional, targeted, and effectively contribute to global sustainability objectives.

By concentrating our efforts on these high priorities, we are better equipped to deliver on the promises of the SDGs advancing economic growth, fostering social inclusion, and addressing environmental challenges. This strategic focus allows us to allocate resources more efficiently, drive innovative solutions, and strengthen our contributions to the sustainable development agenda. As a leading financial institution, this approach reflects our dedication to aligning business success with global priorities and ensures that we play a meaningful role in achieving sustainable development in the UAE and beyond.

Mapping our material topics with UNSDGs

High-priority issues	Alignment with SDGs
Greenhouse Gas Emissions	7, 12, 13
Climate Risks	12
Diversity and Inclusion	5, 10
Employee Well-being	3
Financial Inclusion	1
Transparency and Disclosure	16
Business Ethics	16
Data and Security	9, 16

Our approach continued

OUR SUSTAINABILITY STRATEGIC PILLARS

Finance a Sustainable Future				Lead by Example			
PRIORITY AREAS							
Propel sustainable finance	Promote financial inclusion	Champion business ethics and customer privacy	Embed ESG in decision making	Reduce operational environmental footprint	Embrace diversity & inclusion	Enhance employee wellbeing	Drive transparency and disclosure
OBJECTIVES							
Significantly step up the share of our funding activities towards sustainable projects	Be the preeminent banking partner to the under-represented segments of society	Be recognised as a trusted institution to our customers and business partners	Fully integrate ESG risk assessment and mitigation into all our financing decisions	Achieve net zero within operations and significantly reduce our footprint across water, waste, and energy	Be the most diverse Islamic financial institution in our markets of operation	Position ourselves as an employer of choice in the banking sector	Disclose our financial and non-financial performance in line with best-in-class standards
LINK TO MATERIAL ISSUES							
• Financial Inclusion • Climate Risks	• Financial Inclusion	• Data and Security	• Business Ethics	• Greenhouse Gas Emissions • Climate Risks	• Diversity and Inclusion	• Employee Well-being	• Transparency and Disclosure

Our achievements in 2024

Finance a sustainable future

From innovative financial solutions to environmental stewardship, social responsibility, and governance improvements, our efforts are driving our dedication to create a resilient, inclusive, and sustainable future.

In our commitment to advance our sustainability agenda, 2024 was a true testament of our purpose-driven growth as we saw a notable improvement in our external ESG ratings namely from Sustainalytics, S&P Global, MSCI, and Refinitiv. This remarkable progress reflected the Bank's dedication to implementing its ESG strategy effectively, enhancing its disclosures, and fostering greater transparency. Among the UAE banks whose ratings are publicly available, DIB experienced the largest increase in ESG ratings across these four prominent agencies.

Committed to fostering a future that prioritises:

- Environmental stewardship
- Social responsibility
- Good governance practices
- Economic resilience
- Being Sharia-compliant

One of the key achievements of 2024 was the successful pricing of another **USD 1 billion Sustainable Sukuk** in February, 2024. This issuance, the largest by a Middle Eastern financial institution in nearly a year, attracted strong global interest from Europe, Asia, and the Middle East, reaffirming DIB's leadership in **Islamic Sustainable Finance**. This deal also brings DIB's total Sustainable Sukuk issuances to **USD 2.75 billion**, a clear reflection of our continued commitment to financing a sustainable future. The Sukuk issuance highlights the vital role that innovative financial products can play in addressing global challenges, driving economic progress while ensuring environmental and social sustainability.

The allocations for the first two Sustainable Sukuks are fully completed, while the third sukuk is currently allocated at 26%.

DIB's sustainable asset register contains assets with a total value of AED 7.37 billion. The four largest eligible categories– Employment Generation, Clean Transportation, Green Buildings and Energy Efficiency – make up approximately 75% of our total assets.

The total Sustainable Finance portfolio now also includes Sustainability-Linked Finance with selected ESG KPIs and targets. For Wealth Management clients, DIB introduced four Sharia-compliant sustainable Exchange Traded Funds (ETFs) in August 2024. Throughout the year, DIB continued developing the Wealth Management product offerings.*

Through its financing, DIB has helped avoid 96,135 tCO_2e of emissions since the issuance of our first Sustainable Sukuk, while actively contributing to the following SDGs:

DIB's Sustainable Sukuk *Please refer to our 2024 Sustainable Finance Report for further details.

Issuer	Dubai Islamic Bank		
Date	26-Feb-2024	09-Feb-2023	22-Nov-2022
Rank	Senior Unsecured	Senior Unsecured	Senior Unsecured
Net Proceeds (USDmn)	1,000	1,000	750
Coupon	5.243	4.800	5.493
Tenure	5 yr	5.5 yr	5 yr
ISIN	XS2749764382 CORP	ZM9734348 CORP	ZN4974780 CORP

DIB's Sustainable Asset Portfolio

1	Renewable energy	9%
2	Clean transportation	15%
3	Energy efficiency	15%
4	Green buildings	15%
5	Sustainable water and wastewater management	2%
6	Access to essential services	1%
7	Affordable housing	13%
8	Employment	30%

Our achievements in 2024 continued

External ESG ratings

SUSTAINALYTICS

New score
24.9
↑ 19%

S&P Global

New score
27
↑ 13%

MSCI

New score
A
↑ 1 Letter Grade

REFINITIV

New score
61
↑ 91%

Embedding sustainability in decision-making

Innovation is essential to the Bank's sustainability strategy, enabling us to embed ESG considerations in every aspect of decision making. Our ESG Scorecard plays a central role in aligning our portfolio with sustainability goals. This assessment methodology has become a foundation of our approach, providing us with critical insights into our portfolio from an ESG risk perspective by guiding the credit decision-making processes and ensuring that sustainability considerations are factored into our business operations.

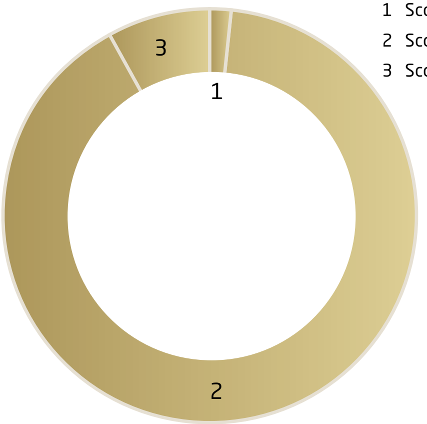
As we progress towards completing the ESG assessments for our entire portfolio, we are preparing to enter the next phase of this process, supporting our clients in addressing identified risks. Once the full portfolio assessment is complete, the outcomes will shape a second phase of effort focused on client engagement and shaping the strategic direction of our financing and investment activities.

By integrating a robust climate change lens into our ESG Scorecard, we aim to identify and mitigate climate-related risks more proactively, support clients in transitioning to low-carbon operations, and ensure that our financing activities contribute meaningfully to a sustainable and climate-resilient future.

Lead by example

As we contribute to the UAE's national Net Zero by 2050 agenda, reducing resource consumption and greenhouse gas emissions is our critical priority.

Total GHG Emissions DIB UAE[1]



1 Scope 1 (tCO_2e) 185.33
2 Scope 2 (tCO_2e) 9,039.21
3 Scope 3[2] (tCO_2e) 780.94

1. DIB UAE refers to buildings, offices, branches within our operational control in the UAE.
2. Scope 3 includes Category 5 (Waste) and Category 6 (Business Travel)

Our environmental footprint

In 2024, we took a significant step forward by publicly committing to achieve net zero emissions in Scope 1 and Scope 2 by 2030. This commitment represents a pivotal milestone in our sustainability journey, reflecting our dedication to minimise the environmental impact of our direct operations and energy use. By doing so, we are not only enhancing our environmental performance, but also demonstrating leadership in sustainable business practices and supporting the transition to a low-carbon economy.

In 2024, we established our baseline Scope 1 and Scope 2 emissions for our UAE banking operations. Due to improved data quality, completeness, and accuracy, we gained a clearer understanding of the current energy consumption across our physical infrastructure. With this data, we are well positioned to set precise and actionable decarbonisation targets that will guide our progress toward achieving net zero by 2030 for Scope 1 and Scope 2 emissions.

While we focus on managing our environmental footprint through sustainable practices within our operations, we also strive to create a positive external impact through various projects and initiatives. As part of Our One Tree for Everyone initiative, a tree is planted for every new account opened with DIB, actively involving our customers in our sustainability journey.

We planted 63,500+ mangrove trees and 720 ghaf trees across the UAE since 2023, which is projected to sequester over 1.1 million kilograms of carbon dioxide, playing a vital role in ecosystem restoration and carbon reduction. This initiative not only contributes to environmental conservation, it also fosters a sense of ownership and engagement, empowering our customers to become active participants in building a sustainable future.

Key initiatives taken in 2024 to reduce our environmental footprint

Premises upgrades

- Achieved LEED Gold Certification for select branches, an acknowledgment of our focus on energy-efficient, sustainable infrastructure.
- Moved into a newly renovated headquarters with efficient energy technologies, such as motion-activated LED lights and automated curtain systems.
- Identified and implemented opportunities to reduce carbon footprint of IT infrastructure.

Reduction of e-Waste

- Leveraged continuous digitalisation of our capabilities, contributing to the reduction of our physical footprint.
- Each end-user device that is no longer fit for corporate use is assessed for reusability.
- Identified equipment is refurbished, fitted with new storage devices, and restored to good working condition before being donated to communities in need of computers, but lacking the economic means to acquire them.

Net Zero Data Centre

- After thorough testing to ensure the Bank's high standards of security and redundancy, 15 workloads were migrated to the solar-powered data centre.
- Estimations derived from calculations by Moro Hub and DEWA approximate that each workload hosted in this data center is expected to save approximately 28.3 tCO_2e annually.

Lead by example continued

Employee well-being

Employee experience
The Bank prides itself on the wide range of benefits offered to employees of all grades. We firmly believe that employee well-being is critical to satisfaction, retention, and the Bank's overall reputation with internal and external stakeholders.
Below are some of key benefits offered to our employees:
- Medical and life insurance coverage
- Child education allowance
- Club membership
- Leave travel allowance
- Residency permits and visa processing
- Preferential rates on staff finance to aid financial commitments

Attaya - our employee recognition app
In 2024, we launched Attaya, our first digital employee recognition app and a fantastic tool designed to acknowledge and celebrate their outstanding contributions. The app enables employees to:
- Effortlessly recognise and reward their peers' achievements with just a few taps, stay updated with monthly announcements and events, and participate in fostering a positive work environment by giving and receiving appreciation.
- Be recognised and rewarded instantly through redeemable points, helping appreciate each other's hard work and celebrate successes.

Employee development
The Bank regards employees as its most valuable asset and is committed to ensuring that employees are equipped with the appropriate skills and capabilities to competently perform their job and advance in their careers. This is underscored by an approach to performance management which establishes a fair, consistent, and transparent approach to employee performance appraisal.

The goal of our Performance Management System is ultimately to enable each employee to perform to their fullest potential, while positioning themselves for optimal career development. The system bridges the gap between our strategy and culture, enhancing our ability to manage employee performance for better business outcomes.

DIB employs a management-by-objectives approach to performance management.

- Employees set annual KPIs with their line manager, which are used to evaluate performance across three phases: planning, mid-year review, and year-end evaluations.
- Employees may tailor their KPIs based on their goals and expectations across a range of competency areas aligned with the Bank's core values.
- Employees are encouraged to take ownership of their personal and professional development and actively participate in the learning activities.
- Further, the HR department conducts a detailed, organisation-wide Learning Needs Analysis to roll out consolidated annual learning plans, which include mandatory and suggested learning paths for all employees.

The Bank aims at developing the skills and competencies of its employees to advance their career through a process of development dialogue, feedback, career support, and individually tailored development journeys. Additionally, structured career development programmes are also offered.

Some examples of these career development programmes are explained here in brief.

High Potential (HiPo) Programme
The High Potential (HiPo) Programme is a strategic initiative aimed at nurturing the future leaders of our organisation. The programme's core objectives include building a robust leadership pipeline, investing in comprehensive leadership development, and fostering impactful mentorship programmes. By identifying, developing, and retaining high-potential employees from various departments, we ensure that these key individuals are equipped with the tools and resources necessary for success in senior leadership roles.

With the programme hosting its fifth cohort, 31 mid- and junior-level employees are actively engaged in this transformative journey, positioning them to drive our organisation forward with innovation and excellence. Launched in 2015, this initiative has successfully cultivated nearly 150 professionals who not only excel in their respective roles but also set exemplary standards of leadership and innovation.

Emirati talent and leadership
The Bank's active participation in the Ru'ya Careers UAE 2024 event has set a new benchmark for championing Emirati talent and leadership. This engagement has established a strong foundation for ongoing Emiratisation efforts and talent development, creating lasting pathways for Emirati youth in the banking sector. The expansion of graduate/internship programs for Emirati youth, in collaboration with universities and higher education institutions, has successfully placed 58 interns (as of September 2024). This initiative has created a sustainable pipeline for nurturing local talent, ensuring a lasting positive impact on the preparedness of Emirati youth for careers in banking.

Lead by example continued

Employee wellness

Employee wellness is a key priority at the Bank, with a range of programmes designed to support physical and mental health. Our Employee Wellness Programmes include monthly activities like the Fitze Fun Run, encouraging team building and fitness within the workplace. Additionally, the Corporate Wellness Fair provides health screenings, wellness consultations, and educational sessions on topics such as heart health, breast cancer awareness, and stress management.

In alignment with the UAE government's family support objectives, the Bank introduced flexible working hours for parents as part of our Back to School campaign, allowing employees with young children to balance work and personal commitments.

Further, our Admin team has made considerable progress in our journey of achieving WELL Certification for our headquarters. The WELL Building Standard, a globally recognised framework, prioritises health and well-being by addressing aspects such as air quality, lighting, ergonomics, and access to wellness resources within the built environment. We have completed the feasibility study and are now implementing the necessary building adjustments. This initiative enhances the well-being of our staff while supporting sustainability by creating a healthier, more energy-efficient workspace.

Community support services

DIB's community outreach initiatives extend beyond the workplace. Through a partnership with the Mohammed bin Rashid Housing Establishment (MBRHE), DIB pledged AED 29.7 million to support affordable housing and local entrepreneurship. This contribution combines financial and advisory support, empowering small businesses and individuals to thrive within a sustainable economy.

Some of our other notable contributions benefiting over 300,000 beneficiaries and contributing towards the wider UNSDG goals are:

Category	Beneficiaries	SDGs	Amount (AED)
Culture, Education and Scholarship Initiatives	28,090	4	38,996,756
Direct Charity Support annual distribution of Bank Zakat 2023 to charities	80,000	17	312,000,000
Disability Support	100	10	250,000
Humanitarian Aid and Disaster Relief	156,030	11	30,273,000
Medical and Healthcare Support	52,748	3	92,774,982
Social Welfare and Community Support	285,504	16	92,834,215
Total	602,472		567,128,953

Al-Jannah Homes project

In Tajikistan, more than 67% of orphans live in homes that lack necessities and adequate living conditions. The quality of housing for orphaned children in Tajikistan is generally poor, with many living in dilapidated structures. Approximately 80% of orphaned children in Tajikistan lack access to basic amenities like running water, electricity, and proper heating. More than 50% of orphaned children in Tajikistan suffer from various health problems due to poor living conditions. Due to a lack of resources and government support, many orphaned children in Tajikistan are forced to live in overcrowded and unsanitary conditions.

The idea of the Al-Jannah Homes project was conceived to be built on land allocated by the Tajik government, in collaboration with the Mohammed bin Rashid Al Maktoum Humanitarian and Charity Establishment. This project was initiated due to our belief in the long-term benefits it provides to widows and orphans, offering comprehensive and holistic care for orphans instead of merely providing a lump sum or constructing an orphanage. Through this project, we ensure a sustainable and ideal environment for raising orphaned children.

The project is a comprehensive complex consisting of two adjacent buildings (Al Jannah and Al Firdous buildings) for residential and commercial purposes. These buildings house 95 residential units, benefiting approximately 475 orphans. The commercial spaces within the two buildings will be leased, and the rental income will be used to operate and maintain the complex, as well as to provide income for widows and orphans. Additional income is expected from the sewing workshop and the childcare centre.

Governance

Sustainability governance

To drive accelerated progress on ESG and in recognition of its importance to the Bank's strategy and operations, DIB has established a robust governance framework, with full Board oversight and executive accountability.

The Board Sustainability Committee (BSC) serves as the primary driver of DIB's sustainability transformation. It plays a pivotal role in overseeing the implementation of the Bank's sustainability strategy and ensuring its alignment with global best practices.

The Management Steering Committee (MSC) provides strategic guidance and operational oversight for implementing the Bank's sustainability strategy. The MSC identifies and assesses sustainability-related risks and opportunities, ensuring they are effectively addressed within the Bank's initiatives, operations, and portfolios. This committee also acts as a bridge between management and the Board, reporting progress to the Board Sustainability Committee to ensure transparency and accountability.

Complementing these committees are the activity of key second- and third line Board and Management Committees. The Board Risk, Compliance, and Governance Committee (BRCGC) is responsible for the effective integration and monitoring of ESG risks within DIB's overall risk framework, while the Board Audit Committee (BAC) and Group Internal Audit (GIA) department provide the Bank with independent assurance over business activities, including sustainability-related activities.

Significant milestones taken in 2024 related to governance:

- Approval and publishing of DIB's inaugural Sustainability Policy.
- Development of DIB's inaugural ESG Risk Policy.
- Approval and publishing of Key Policy Statement Disclosure for selection of policies impacting ESG performance.
- Approval of expanded Sustainable Finance Framework.
- Drafted terms of reference for Sustainable Finance Committee.
- Quarterly sittings of the MSC and BSC.

Efforts to enhance transparency

Transparency is a key pillar of DIB's corporate governance, reinforcing our commitment to ethical, responsible banking. DIB's Board of Directors and senior management play an active role in shaping and overseeing the Bank's sustainability initiatives, ensuring alignment with our strategic objectives. In 2024, we expanded the remit of the Management Steering Committee (MSC) and the Board Sustainability Committee (BSC), which provide strategic oversight, monitor ESG performance, and ensure that all initiatives align with international leading practices.

Our Sustainability Policy formalises DIB's commitment to transparency. This policy is integrated into our corporate governance framework, guiding employees across all departments to align their actions with DIB's sustainability goals. In 2024, we conducted department-specific workshops to familiarise employees with the policy, reinforcing its importance across every level of the organisation.

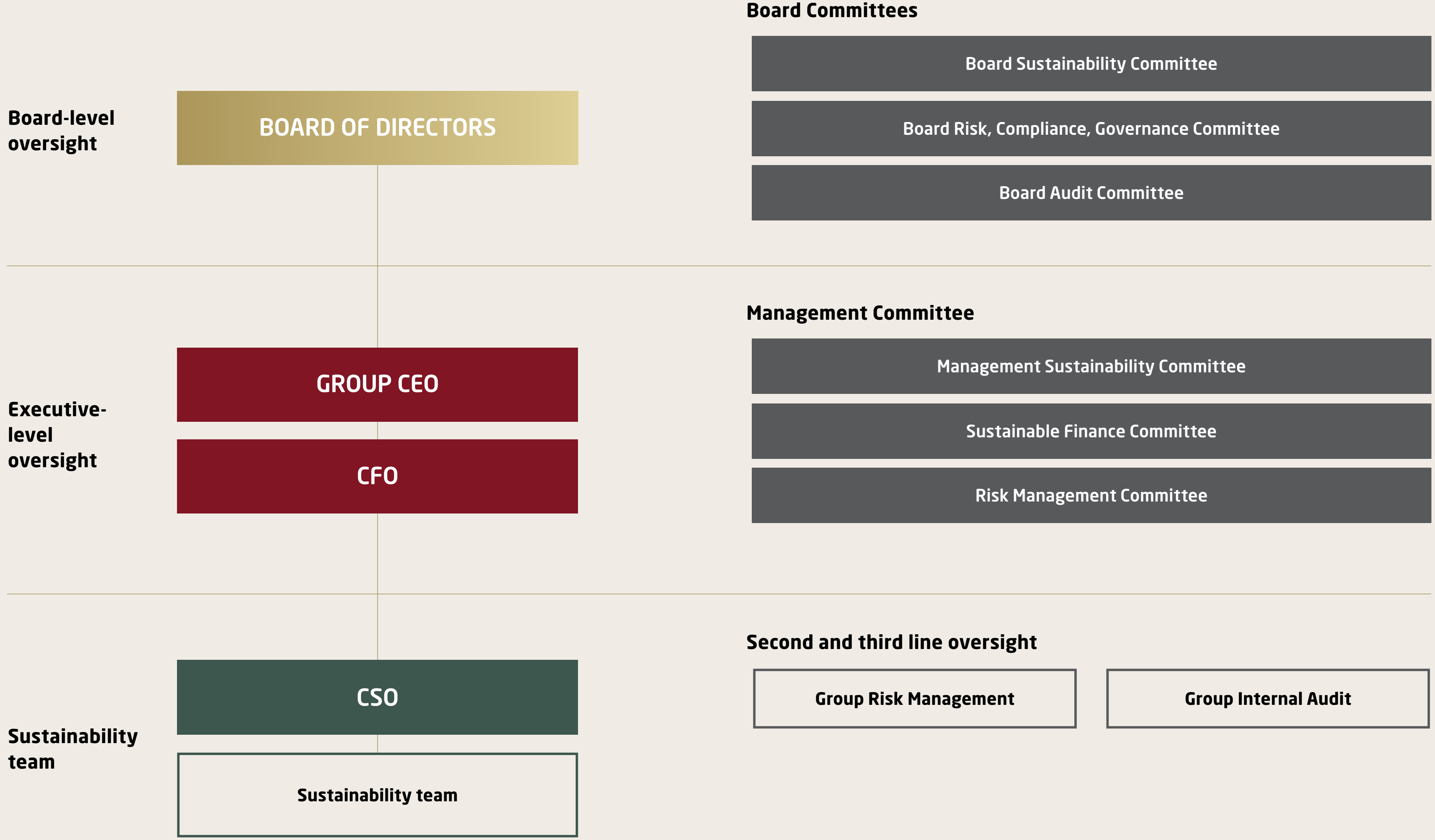
In addition, we have expanded the boundary for our carbon emissions reporting to include our headquarters and all branches across the UAE.

To achieve this, we conducted a comprehensive mapping exercise to identify and validate all facilities and properties within the scope of our UAE operations. This process involved cross-referencing facility data from internal records, conducting audits to verify operational activities, and ensuring that each location aligns with the criteria for inclusion. By broadening our reporting boundaries, we now have a more robust view of our operational carbon footprint, which will provide critical insights as we work towards setting and achieving future emissions reduction targets.

Through these efforts, DIB ensures that our sustainability journey remains transparent and accountable, reinforcing the trust of our clients, investors, and communities.

Governance continued

Sustainability Governance Structure



Looking ahead

Our ambitious long-term sustainability goals

DIB remains focused on achieving ambitious long-term sustainability goals that reflect our commitment to environmental stewardship, social responsibility, and governance excellence. To fulfil our major 2030 commitments of net zero Scope 1 and 2 emissions and 15% sustainable finance, appropriate planning in the forthcoming five-year period will be critical.

Our 2025 priorities and high-level goals from 2026 to 2029 are laid out below:

PRIORITIES FOR 2025

- Complete double materiality assessment
- Participate in Carbon Disclosure Project (CDP)
- Enhance reporting boundary to include key subsidiaries

OUR GOALS FOR 2026-2029

- Grow climate-related financial risk capability
- Develop portfolio decarbonisation roadmap
- Reduce emissions in own operations and supply chain
- Grow Sustainable Asset Register through investments in renewable energy, energy-efficient technologies, and operational adjustments, all of which are central to our vision of a low-carbon economy
- Continue to expand sustainable products and services for consumers and corporate clients
- Enhance environmental and social due diligence, and engage clients in climate risk mitigation and transition planning
- Improve financial literacy and empower underserved communities. Equip individuals with the knowledge and skills needed for financial resilience, thereby promoting social equity and economic stability.

OUR COMMITMENTS FOR 2030

- Net zero Scope 1 and 2 emissions in own operations
- Achieve sustainable finance target of 15% of total assets

Governance

Chairman's message

On behalf of the Board of Directors it is my pleasure to present the 2024 Corporate Governance Report for Dubai Islamic Bank Public Joint Stock Company to our respected stakeholders.

It is our firm belief that exemplary governance forms the foundation of any successful financial institution. It is this foundation that supports sound decision making, ethical integrity, and sustainable growth. As we navigate an increasingly dynamic and evolving landscape, the importance of a robust governance framework and its associated practices cannot be overstated.

Our governance framework reflects our unwavering commitment to upholding the principles of responsibility, accountability, fairness, and transparency. It embodies the organisation's dedication to its role as a responsible financial institution, delivering superior services that align with our core values and strategic objectives.

This commitment ensures that we remain steadfast in creating long-term value for all our stakeholders, while fostering trust and confidence in every aspect of our operations.

The past year has been one of profound transformation for our organisation. It marked a critical juncture as we undertook a comprehensive overhaul of our key operating systems – a decision grounded in our commitment to futureproofing our operations and delivering greater value to all our stakeholders.

The complexity of integrating new processes and technologies not only substantiated our resilience, but also reaffirmed the strength of our governance framework, the dedication of our teams, and the alignment of our vision with long-term strategic goals. Such EVolvements in the financial sector and within our Bank are necessary to enhance efficiency, foster innovation, and position us well to be able to adapt more effectively to the ever-changing market landscape. These outcomes reflect our commitment to ensuring operational excellence and sustainable growth.

As we prepare to celebrate our 50th anniversary in 2025, we take pride in our journey – marked by successes that have strengthened our foundation and challenges that have shaped our resilience – while remaining committed to the principles that defined our origins. This milestone is not just a reflection of our past but a powerful springboard for the future and we deeply appreciate the continued trust our stakeholders place in us.

I would like to 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 our employees for their resolute dedication throughout 2024.

This report reaffirms DIB's commitment to a governance framework that is not only robust enough to withstand uncertainties but also dynamic enough to support long-term expansion. By upholding our governance principles, we remain steadfast in our mission to fortify resilience and drive sustainable growth within the UAE's financial sector.

Within the last year, the Board continued to regularly review the Bank's governance policies, particularly those correlated with internal controls, risk management, Sharia control, compliance, internal audit, internal Sharia audit and external audit, financial reporting and outsourcing to ensure their compliance with the governance regulations issued by the Central Bank of UAE.

In 2025 we shall remain steadfast in our commitment to enhancing our governance practices to support DIB's growth, resilience and long-term sustainability and to fostering a governance culture that not only strengthens our foundation but also enables us to lead with confidence, agility and integrity in the future.

H.E. Mohammed Ibrahim Al-Shaibani
Chairman
Dubai Islamic Bank PJSC

Corporate governance framework overview

Governance at Dubai Islamic Bank (DIB or the Bank) is more than a regulatory requirement – it is a strategic enabler, reinforcing our ability to withstand challenges and drive sustainable value creation. Our corporate governance framework is designed on the principles of responsibility, accountability, transparency and fairness to ensure the highest standards of ethical conduct, aligned with the principles of Sharia and regulatory expectations. Our framework underpins the strategic direction, risk management, and operational integrity of the Bank, fostering sustainable value creation for all stakeholders.

Operating within the regulatory framework of the United Arab Emirates, DIB adheres to the mandates of the Central Bank of the UAE (CBUAE), the Securities and Commodities Authority (SCA), the Dubai Financial Market (DFM), and the Higher Sharia Authority (HSA), alongside the provisions of our Articles of Association. Our governance framework integrates these regulatory requirements with Sharia compliance, ensuring ethical and responsible banking practices.

Our governance structure comprises the Board of Directors (Board) and its committees, the Internal Sharia Supervision Committee (ISSC), senior management and management committees. These elements work in harmony with our internal control system to oversee compliance, risk management, ethical conduct, and stakeholder interests while ensuring Sharia compliance in all banking activities. By integrating these elements within a transparent and accountable framework, we maintain regulatory compliance, financial stability, and stakeholder trust, reinforcing our commitment to governance excellence and sustainable growth.

The Board sits at the apex of our governance structure providing strategic leadership and oversight over the Group. It ensures that the DIB carries out its activities in accordance with regulatory requirements and Sharia principles. The Board operates through various committees, each playing a distinct role in ensuring robust governance in line with a terms of reference approved by the Board that is regularly reviewed. These committees include the Board Audit Committee (BAC), Board Nomination and Remuneration Committee (BNRC), Board Risk, Compliance and Governance Committee (BRCGC), Board Credit and Investment Committee (BCIC), Board Sustainability Committee (BSC) and Board Profit Distribution and Management Committee (BPDMC). Supporting the Board, the ISSC ensures that our operations, products, and contracts comply with Sharia principles.

Our senior management, led by the Group Chief Executive Officer (GCEO), is responsible for implementing the Board's strategy and ensuring day-to-day operations align with approved policies and the risk appetite approved by the Board. They are accountable to the Board and its committees for financial performance, regulatory compliance, and operational resilience. Various management committees are established which provide a structured decision making and oversight framework at the management level, ensuring agility, risk oversight and operational efficiencies.

To uphold governance and risk management, we have adopted a three line of defence model. Pursuant to this model, business and operational units comprise the first line of defence and own and manage risks in their respective domains, compliance and independent risk management, and internal Sharia control functions comprise the second line of defence who provide oversight, and support and the independent internal audit, and internal Sharia audit functions conduct independent assurance, comprising the third line of defence.

We operate under a structured set of governance policies designed to ensure transparency, ethical conduct and accountability. These include the dedicated Codes of Conduct for directors, employees, and suppliers which establish expected standards of behaviour, and policies relating to conflicts of interest, related parties and whistleblowing.

The governance framework ensures transparent communication with shareholders through annual reports, general meetings, and regulatory disclosures. DIB is also committed to responsible banking, engaging with customers, regulators, and society to promote ethical and sustainable growth.

We have shareholding interests in a range of companies both within and outside the United Arab Emirates and acknowledge the importance of robust governance in managing these entities without impeding their autonomy. DIB also considers appropriate and proportionate oversight in relation to these entities as essential considering their potential impact on DIB and its legal and regulatory environment. Our Subsidiaries and Affiliates Corporate Governance Framework forms a crucial part of the overall governance framework that establishes the structure and guidance through which DIB oversees its subsidiaries and affiliates.

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

Governance reflections of 2024

Our framework

A strong governance framework fosters trust among stakeholders, safeguards financial stability, and enhances long-term resilience. The Board is committed to regular evaluation and continuous improvement of the governance framework to ensure it remains fit for purpose.

In 2024, the Board conducted an independent performance assessment considering the Board as a whole, its committees and Board members and reviewed the mandates of its committees. The Board also successfully migrated to a new secure board portal delivering enhanced data security operations and streamlined collaboration which further strengthened our governance processes.

Emerging technologies

Technology plays a critical role in modern governance by improving transparency, efficiency, and risk management capabilities.

2024 was a year of technology-led initiatives. This included the strategic migration to our new core banking system and extensive leveraging of Machine Learning technologies which have enhanced decision making through predictive analytics, optimised resource utilisation, and automated repetitive tasks. These initiatives have also led to improved operational efficiency, cost savings, and the ability to proactively address business challenges, driving innovation and a competitive edge. To further enhance operations and customer experience, data-driven process improvements were identified through process mining, enabling agility and delivering reduced cycle times and costs. We will continue to actively explore opportunities to leverage Artificial Intelligence technologies in 2025.

Resiliency

We view resilience not as a static state and are committed to continuously evolving our capabilities to remain resilient. In 2024, significant focus was placed on resiliency, an extensive assessment on the current state of resilience was completed, a comprehensive recovery plan was developed, and uptime of critical services was improved, where cloud technologies have been adopted and there has been an overall modernisation of infrastructure. Strengthening resilience will remain a key priority in 2025.

Risk management

A robust Risk Management Framework is essential to identifying, assessing, and mitigating potential threats, ensuring our resilience in an evolving landscape. By integrating risk considerations into governance processes, we not only safeguard sustainable value creation but also fortify the trust of our stakeholders. In 2024, we strengthened our risk management through comprehensive reviews of policies, risk identification, and monitoring across all material areas of risk including credit, liquidity, profit rate risk, operational, reputational, market conduct, market cyber, and data and model risks to better align with strategy, operational requirements, regulatory expectations and international best practices.

At the heart of risk management is risk culture, and the Board remains steadfast in its commitment to fostering a risk-aware culture throughout the organisation. Over the past year, the alignment between business strategy and risk has been strengthened, the first line of defence engagement in identifying transactional and process risks deepened, risk was more thoughtfully integrated into reward structures, and risk-based KPIs for material risk takers were expanded – fostering a more resilient risk culture. Further, there have been independent functions setup within Group Risk Management for Market Conduct Risk, Third Party Risk and ESG Risk to ensure continued focus on these emerging risk types.

Looking ahead, the next few years are expected to be transformational for all aspects of risk management, data and infrastructure perspective. The change initiatives are expected to have a direct impact on improvement in risk assessment, risk management and risk reporting capabilities and would complement the Bank's strategic decision-making capabilities.

Compliance

Governance and compliance are deeply interconnected, with governance providing the framework for effective decision making while compliance oversees adherence to applicable regulations. The strengthening of compliance standards within the three lines of defence model has enabled us to proactively manage regulatory risks while fostering discipline and transparency. By embedding financial crime compliance and strengthening monitoring systems, we have transitioned compliance into a mature and steady state, further fortifying the governance framework.

Governance reflections of 2024 continued

Key initiatives from 2024, which are now a part of routine operations, include aligning customer risk rating methodology and tools, maintaining in-house capabilities for enterprise-wide financial risk assessments, system and technology upgrades, and reinforcing a robust trade-based money laundering framework. Additionally, the ongoing work focuses on optimisation to improve processes and system functionality for improved outcomes.

We remain committed to assessing and enhancing compliance processes as part of our dedication to sustaining a resilient compliance environment.

Sustainability

Sustainability remains a vital aspect of our strategy. In 2024 we further accelerated our progress in this area with key activities including the issuance of another USD 1 billion Sustainable Sukuk, publishing key policy statements to improve transparency, implementation of our ESG scorecard improving risk management in our financing portfolio, approval of new policies governing sustainability and ESG risk, and the expansion of our Sustainable Finance Framework. We also supplemented our supplier code of conduct with an ESG questionnaire and scoring system in our tender processes. Our sustainable retail products including NEST Home Finance and EVolve have continued to show significant growth. In addition, we introduced new sustainable product offerings: ACCESS, a bespoke auto financing solution specifically tailor-made for People of Determination, and RISE for eligible SME business banking clients. To further embed sustainability in our culture and reinforce our commitment, sustainability training for employees was launched. DIB also became signatories of the United Nations Global Compact, ensuring our operations are aligned with the UN Sustainable Development Goals.

Consumer protection

Customers lie at the heart of our strategy. In line with this commitment, we maintain rigorous consumer protection measures aimed at safeguarding the interests, rights and well-being of our customers. In 2024, our consumer protection framework was enhanced with the strengthening of our conduct risk framework and establishment of capacity to oversee the governance of consumer protection. We launched our Code of Fair Treatment, and our complaints management unit achieved the ISO 9001 certification and ISO 10002 compliance certification, underscoring the effective implementation of an international standard for Quality Management System and implementation of an effective complaints management system.

People and culture

At the core of effective governance lies a strong, engaged, and well-equipped workforce. Employee well-being, diversity, and leadership development are fundamental to creating an accountable and high-performing organisation. In 2024, initiatives such as integrating the values into performance management, enhanced recognition programmes, digital learning platforms, and ESG awareness training have fostered a culture of continuous improvement and ethical responsibility.

We introduced a comprehensive Diversity, Equity and Inclusion (DEI) Policy to support employees' physical, mental and emotional well-being, and enhance the employee value proposition by improving benefits. In line with our ESG strategy, we launched initiatives to create a supportive environment for women, youth, People of Determination, and UAE Nationals. These initiatives covered topics such as Wellness, Stress Management, Physical Health and Fitness which reflect our unwavering commitment to inclusivity, while addressing the unique challenges of different workforce segments. We also organised sessions on the rights and policies relating to People of Determination in the UAE, promoting inclusion and understanding among employees and the wider community.

We enhanced our recognition and talent management frameworks to attract, retain, and nurture top talent with key initiatives focused on equipping female employees with skills and confidence to excel in leadership roles, bridging competency gaps for senior Emirati employees and developing high-potential UAE Nationals to prepare them for future leadership roles.

Investing in our employees' growth remains a top priority at DIB. In 2024, we delivered thousands of tailored learning opportunities, leveraging cutting-edge technologies to foster continuous professional development, including a digital learning platform for senior leaders, Learning Rewards Programmes to incentivise knowledge acquisition and ESG Sustainability Awareness to integrate sustainability principles into daily operations.

Governance reflections of 2024 continued

Emiratisation

A commitment to the UAE's future

Our role in strengthening the UAE's economic and social fabric is reflected in our commitment to cultivating Emirati talent. In 2024, we continued to advance our Emiratisation strategy, achieving tangible progress by fostering career development opportunities and empowering UAE Nationals to lead in key areas.

Our initiatives included DIB Bankathon, an interactive program designed to empower young Emirati talent and women and Ethraa and Future Tech Programs to prepare UAE Nationals for emerging technologies. We are proud that in 2024, our workforce consisted of 46% Emirati employees, demonstrating our dedication to the UAE's national agenda. The Bank has enrolled 136 Emiratis in the Ethraa program over the past three years.

Considering the workforce as on 31 December,2024, the Bank's Emirati workforce has steadily increased over the last three years – from 864 employees in 2022 to 905 in 2023 and further to 973 in 2024, representing a 45%, 44%, and 46% increase, respectively, in the overall employee base.

Group alignment

We have integrated a structured group governance framework within our broader corporate governance model and operational dynamics. This framework provides clear guidelines on overseeing our diverse entities while ensuring alignment across the Group where applicable, always considering local laws and regulatory requirements.

Throughout the year, we have remained committed to reinforcing alignment across our key subsidiaries and affiliates, streamlining the group structure, and strengthening oversight through continuous monitoring and knowledge-sharing initiatives.

Significant progress has been made in standardising practices across our entities, leading to a more proactive approach in managing potential risks that could impact the Group. 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.[1]
- 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 L.L.C.
- T.O.M. Katilim Bankasi Anonim Sirketi
- TOM Finansman Anonim Sirketi
- TOM Pay Elektronik Para Ve Odeme Hizmetleri Anonim Sirketi

[1] The operations of Noor Bank PJSC were integrated with the operations of DIB with effect from November 2020

Board of Directors

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

The Board responsibilities include:

- Strategic oversight and performance monitoring
  The Board is responsible for setting DIB's strategic objectives, risk appetite, and overall corporate governance framework. This includes oversight of management and their actions, and monitoring performance ensuring alignment with the approved strategy and risk appetite, and compliance.

- Risk management and internal controls
  The Board is responsible for ensuring that an effective and robust risk management and internal control system is in place, that it is reviewed regularly, and aligned with regulatory requirements.

- Sharia compliance
  As an Islamic financial institution, the Board upholds Sharia compliance in all operations and is responsible for ensuring that all products, services, and business practices conform to Islamic principles.

- Rewards
  The Board is responsible for overseeing the approach to rewards, ensuring alignment with the strategy, risk appetite, objectives, values and long-term interests and supports the Bank's financial soundness.

- Culture
  The Board is responsible for establishing a sound corporate culture and reinforcing the tone at the top by promoting the principles of accountability, transparency, responsibility and fairness; setting and overseeing adherence to corporate values and professional standards and overseeing the whistleblowing mechanisms; and promoting risk awareness and setting the expectations that all employees are responsible to ensure DIB operates within the Risk Management Framework.

Our Board at a glance 2024

9
Members

3
Training Sessions

7
Board Meetings

44%
Independent Directors

100%
Non-Executive Members

6
Board Committees

2023-26
Current Term

11%
Female Representation

62
Committee meetings

Board of Directors continued

Our Board

H.E. Mohammed Ibrahim Al-Shaibani
Non-Executive, Non-Independent Board Chairman

Date of Appointment: March 2008

Career and Experience

Mohammed Ibrahim Al-Shaibani is the Director General of H.H. The Dubai Ruler's Court, and Managing Director of the Investment Corporation of Dubai, the principal investment arm of the government of Dubai.

H.E. Mr. Al-Shaibani is also the Vice Chairman of the Supreme Fiscal Committee of Dubai which oversees the Emirate's fiscal policies, and a member of Dubai's Executive Council, an entity charged with supervising and supporting Dubai's government bodies.

Mohammed Al-Shaibani is the Chairman of several Boards including Dubai Islamic Bank and Kerzner International. In 2024, His Excellency was appointed as the Chairman of Dubai Healthcare City Authority.

Furthermore, he is a member of the Board of several government-related organisations including Dubai World and Dubai Aerospace Enterprise (DAE) Ltd. Having served as the Deputy Chairman of the Higher Committee of Expo 2020 Dubai, he is currently a member of the Supreme Committee for Expo City Dubai. He is also a Chairman of the Supreme Committee for the Supervision of Dubai Humanitarian, founded in 2003 in Dubai by H.H. the Ruler of Dubai as a global centre for humanitarian emergency preparedness and response.

In 2009, His Excellency played a pivotal role in restructuring the finances of some of Dubai's government-related entities.

H.E. Mr. Al-Shaibani graduated in 1988 in the US and holds a Bachelor's degree in Computer Science.

Board Appointment to Other Public Joint Stock Companies

- None

Board Appointment in Other Key Regulatory, Governmental or Commercial Positions

- Director General, H. H. The Dubai Ruler's Court
- Managing Director, The Investment Corporation of Dubai
- Vice Chairman, The Supreme Fiscal Committee of Dubai
- Member, Dubai Executive Council
- Chairman, Kerzner International
- Chairman, Dubai Healthcare City Authority
- Board Member, Dubai World
- Board Member, Dubai Aerospace Enterprise (DAE) Ltd
- Member, The Supreme Committee for Expo City Dubai
- Chairman, The Supreme Committee for the Supervision of Dubai Humanitarian

Eng. Yahya Saeed Ahmad Nasser Lootah
Non-Executive, Non-Independent Board Vice Chairman

Date of Appointment: October 2011

P C N

Career and Experience

Mr. Lootah has over three decades of 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, AI applications, financial services, applied research, education, hospitality, media and healthcare. Under his leadership, S.S. Lootah Group has received, amongst others, the Mohammed Bin Rashid Business Award and the Dubai Award for Sustainable Transport.

Mr. Lootah served as member of the Board of Directors of the Dubai Chamber of Commerce and Industry.

Mr. Lootah holds a degree in Civil Architectural Engineering and a Master of Science degree in Engineering from University of Bridgeport, Connecticut.

Board Appointment to Other Public Joint Stock Companies

- Chairman, Noor Bank PJSC

Board Appointment in Other Key Regulatory, Governmental or Commercial Positions

- Chairman, Saeed Ahmed Lootah & Sons Group LLC
- Vice Chairman, Saeed Ahmed Lootah Charity Foundation

Board Committees

- A Audit Committee
- N Nomination and Remuneration Committee
- R Risk, Compliance and Governance Committee
- C Credit and Investment Committee
- S Sustainability Committee
- P Profit Distribution and Management Committee
- Committee Chair

Board of Directors continued

Dr. Hamad Buamim
Non-Executive, Independent Board Member

Date of Appointment: March 2014

N C A

Career and Experience

Dr. Buamim is the Chairman of the Board of DMCC (Dubai Multi Commodities Centre). Previously, Dr. Buamim served as President and CEO of the Dubai Chamber of Commerce during 2006 to 2022, where he led key business transformations in Dubai and chaired the ICC World Chambers Federation in Paris during 2018 to 2022.

In addition to his current role at DMCC, Dr. Buamim holds several other leadership and board positions, including Chairman of National General Insurance PJSC and Vice Chairman of Deyaar Properties PJSC. He also serves as a Board Member at Dubai Islamic Bank PJSC, International Hotel Investment PLC - Malta, and Economic Zones World (JAFZA).

Throughout his career, Dr. Buamim has made significant contributions to the success of several high-profile boards, including the UAE Central Bank, Dubai World, Istithmar World, Emirates NBD PJSC, Network International, and Kerzner.

Dr. Buamim earned a Doctor of Business Administration from Warwick Business School, UK, an MBA with Honors in Finance from the University of Missouri, Kansas City; and a BSc in Electrical Engineering, Magna Cum Laude, from the University of Southern California, Los Angeles.

Board Appointment to Other Public Joint Stock Companies

- Chairman, National General Insurance PJSC
- Vice Chairman, Deyaar Properties PJSC
- Vice Chairman, Noor Bank PJSC

Board Appointment in Other Key Regulatory, Governmental or Commercial Positions

- Chairman, Board of DMCC (Dubai Multi Commodities Centre)
- Board Member, International Hotel Investment PLC - Malta
- Board Member, Economic Zones World (JAFZA)

Mr. Hamad Abdulla Rashed Obaid Al Shamsi
Non-Executive, Non-Independent Board Member

Date of Appointment: March 2011

S C

Career and Experience

Mr. Al Shamsi serves as a Member on the Board 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 managed businesses across multiple disciplines and has expertise in 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 the UAE University, and an MBA majoring in Finance and Banking from the United States.

Board Appointment to Other Public Joint Stock Companies

- Board Member, Amanat Holding PJSC

Board Appointment in Other Key Regulatory, Governmental or Commercial Positions

- None

Board of Directors continued

Mr. Ahmad Mohammad Bin Humaidan
Non-Executive, Non-Independent Board Member

Date of Appointment:
March 2008

A S

Career and Experience

Mr. Bin Humaidan has 35 years of experience in strategic thinking, strategic planning, projects management, leading improvement programmes and change management.

He served 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 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.

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.

Board Appointment to Other Public Joint Stock Companies

- Board Member, Noor Bank PJSC

Board Appointment in Other Key Regulatory, Governmental or Commercial Positions

- None

Mr. Abdulaziz Ahmed Rahma Al Mheiri
Non-Executive, Non-Independent Board Member

Date of Appointment:
March 2011

C S

Career and Experience

Mr. Al Mheiri serves as a member of the Board of Directors of Bourse Dubai, and Chairman of the Supervisory Board of Bosna Bank International. He 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.

Board Appointment to Other Public Joint Stock Companies

- None

Board Appointment in Other Key Regulatory, Governmental or Commercial Positions

- Chairman, Supervisory Board of Bosna Bank International
- Board Member, Borse Dubai

Mr. Bader Saeed Hareb
Non-Executive, Independent Board Member

Date of Appointment:
March 2023

N R

Career and Experience

Mr. Hareb serves as the Managing Partner of Global Partners and the Executive Chairman of Global Partners Property Fund II.

Mr. Hareb brings over two decades of experience in senior leadership roles across the real estate and development sectors. Most recently, he served as CEO of Emaar Development PJSC, where he oversaw the development and delivery of a large portfolio of iconic mega masterplans. Prior to that, he was the CEO of Dubai Healthcare City, Chief Property Officer at Majid Al Futtaim Properties – with concurrent roles as Vice Chairman of The Wave in Muscat and Sharjah Holding – and Managing Director at Nakheel, where he played a key role in managing major projects and navigating financial restructuring. Beyond his executive roles, Mr. Hareb contributes his expertise to several boards, including Dubai Islamic Bank. He is recognised for his extensive knowledge on real estate, strategic leadership, and unique local insights. Mr. Hareb holds an Executive MBA from the American University of Sharjah, a Bachelor's degree in Civil Engineering from the United Arab Emirates University, and is a graduate of the Dubai Leadership Program at The Wharton School.

Board Appointment to Other Public Joint Stock Companies

- None

Board Appointment in Other Key Regulatory, Governmental or Commercial Positions

- Managing Partner, Global Partners
- Executive Chairman, of Global Partners Property Fund II

Board of Directors continued

Mr. Javier Marin Romano
Non-Executive, Independent Board Member

Date of Appointment: April 2016

A R

Career and Experience

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, which 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 the 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).

Board Appointment to Other Public Joint Stock Companies

- None

Board Appointment in Other Key Regulatory, Governmental or Commercial Positions

- CEO of Singular Bank (Spain)
- Board Member, Frontier Economics

Dr. Cigdem Kogar
Non-Executive, Independent Board Member

Date of Appointment: November 2023

R P

Career and Experience

Dr. Kogar is an economist, former central banker and 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 and companies.

Dr. Kogar has extensive experience in central banking, banking regulation and supervision, Basel Committee, FSB, IFSB, G20 and other international platforms, banking and finance, risk analysis, financial stability, macro economy, monetary and financial policy and the payment system. Over 30 years of experience at the Central Bank of the Republic of Türkiye, she had several executive roles, including Chair of the Check Clearing Board and the Risk Centre, 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. Türkiye-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 and 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 was a speaker at the United Nations HQ, New York, on '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 Türkiye. She has been a visiting lecturer in Economics and Finance at the Bilkent University and Middle East Technical University in Türkiye.

Board Appointment to Other Public Joint Stock Companies

- None

Board Appointment in Other Key Regulatory, Governmental or Commercial Positions

- Chair of the Executive Board, IZGI Global Danismanlik A.S., Türkiye

Board of Directors continued

Board Governance

Board composition

The Board is composed of nine (9) members that bring an appropriate mix of independence, diverse viewpoints, strategic oversight, and balance in decision making. The composition of our Board aligns with regulatory expectations, where all members are non-executive directors, the majority of the members and the Chair are UAE Nationals, at least one-third of the members are independent directors, and there is at least one (1) female member.

Nomination, election and tenure

All Board appointments are made in line with the Director Nomination and Selection Policy and Procedures and relevant laws and regulations, which ensure candidates undergo a rigorous selection process conducted by the BNRC, which reports its recommendations to the Board. In this process the committee ensures the fit-and-proper criteria are satisfied and that factors including DIB's current and future needs, the desire to achieve diversity of perspective in the boardroom, collective suitability and applicable legal and regulatory requirements are thoughtfully considered. All candidates are subject to clearance from the CBUAE and cannot be appointed to the Board unless and until they have declared in writing their acceptance of the nomination. Shareholders elect the members of the Board by way of secret cumulative voting for a tenure of three (3) years and members may be reappointed for further terms. The Board may appoint new members to fill positions that become vacant in line with the relevant laws and the Articles of Association, where the new member shall complete the term of office of their predecessor.

Independence

In line with DIB's corporate governance framework, an independent director is required to be independent in character and judgement, and free from relationships, undue influence or circumstances which could lead to benefits or would be likely to affect the exercise of independent judgement. There are specific circumstances in which a Board member will lose independence which align with the provisions of the CBUAE regulations. This criteria includes serving on the Board for longer than twelve (12) consecutive years. On an annual basis, or when there is a change in circumstances, the BNRC assesses the Board member's independence status and makes a recommendation to the Board for final determination. Where directors no longer meet the independence criteria, appropriate processes are in place to address the situation.

Conflicts of interest

DIB remains steadfast in its commitment to the highest standards of corporate governance, recognising that effective oversight of conflicts of interest is integral to maintaining stakeholder confidence and ensuring ethical conduct. To safeguard DIB's interests, the corporate governance framework mandates that Board members should be capable of exercising sound, objective and independent judgement in respect of DIB's affairs acting in the best interests of DIB. Board members have a duty to transparently disclose to DIB, and wherever possible avoid, any personal or outside interest, relationship or responsibility which affects, may affect, or may be perceived to affect their ability to discharge their fiduciary duties. In alignment with the Code of Corporate Governance, Board Terms of Reference and Directors' Code of Conduct, DIB has implemented a robust framework of policies, procedures and disclosures that provide clear guidance on identifying, mitigating and disclosing actual or potential conflicts of interest. This framework provides for transparent processes for Board members to declare interests periodically, at the time of appointment or through the quarterly declaration form, or when considering matters tabled to the Board in a meeting or otherwise, and to abstain from decisions where impartiality could be compromised.

External appointments

Board members are required to seek the Board's permission prior to accepting a nomination to serve on another Board or accepting any other material commitments. In such cases the Board member is required to confirm that no conflict of interest shall arise upon accepting such nomination. Board members are prohibited from holding directorships in contravention of applicable laws, rules or regulations which establish the following restrictions:

- being a director on the board of more than five (5) public joint stock companies in the UAE;
- being a director on the board of another commercial bank in the UAE; or
- being a director of more than four (4) banks outside the UAE.

Induction and professional development

Upon appointment, Board members receive a formal, comprehensive induction which involves the provision of information regarding, amongst others, DIB's vision, strategy, operations, governance framework and risk management matters. The induction programme is overseen by the BNRC.

Board of Directors continued

The Board recognises the importance of ongoing development and is committed to continuous growth, dedicating time and resources to relevant development programmes. The BNRC oversees the Board members' continuous development programme, considering various factors such as the outcomes of the Board's annual assessment, DIB's strategic goals, market and industry developments, key risk areas, and other emerging topics. The programme is reviewed at least annually and may include in-house or external programmes, along with the provision of topical materials. In 2024, the Board members participated in specialised workshops on the following topics, facilitated by expert third parties:

- Preventing Financial Crime in 2024
- Corporate Governance Board Briefing
- The Impact of Technology on Finance

Diversity and female representation

DIB considers diversity as essential for effective decision making, innovation and sustainable growth as it brings a varied range of perspectives, experiences and skills to the boardroom. Diversity for the Board refers to a range of attributes, characteristics and perspectives that individuals contribute, encompassing factors such as skills, experience and gender amongst others. DIB remains committed to a diverse Board composition comprised of Board members who can effectively contribute to the Board. Our current Board members bring a broad and complementary skillset reflecting a blend of strategic, financial and governance acumen. Drawing on decades of leadership experience across diverse sectors including banking and risk management the Board members collectively offer deep insight into the rapidly evolving banking landscape. Their varied backgrounds serve to enrich the Board's strategic outlook, helping to position DIB to pursue its vision and strategic objectives. In respect of DIB's commitment to pursuing gender diversity on the Board, the shareholders elected Dr. Cigdem Kogar as the first female director in 2023, bringing female representation on the Board to 11%.

Board assessment

The annual Board assessment serves as a critical tool for evaluating the effectiveness and performance of the Board to support continuous improvement. The BNRC is responsible for overseeing the process, with the support of the Board Secretary.

In 2024, the Board engaged Hawkamah the Institute of Governance to conduct an independent assessment, ensuring the process was confidential and the feedback anonymous. The assessment covered the full Board, its committees, and individual Board members. The assessment utilised a digital platform for questionnaires, followed by in-person one-on-one interviews. All Board members participated in the assessment, which helped the Board reflect on its own practices and identify areas on which Board members would like to focus.

The assessment concluded that the Board members benefit from effective collaboration, characterised by openness and positive dynamics, along with a strong commitment to remaining prepared for future challenges and crises. The Board members expressed overall satisfaction with the Board's structure, size, and composition, recognising that the Board is well positioned to meet its responsibilities and comply with regulations, as well as the Board's focus on monitoring financial health and compliance.

Committees were satisfied with how they operate, particularly in terms of the quality of discussions, debates, and meetings material.

At the individual level, the assessment concluded that Board members feel confident in their leadership skills, with a strong sense of integrity and commitment to their roles. They are well equipped to carry out their duties effectively.

Board remuneration

Board aggregate remuneration comprises of three components, a fixed compensation towards annual retainership and membership on the Board, fixed compensation towards committee membership fee in lieu of membership on designated committees, and an attendance fee of AED 15,000 per committee meeting attended. The Chair and Vice Chair of the Board and the Chair of respective committees are eligible for a higher fixed compensation element in recognition of their 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. Board members do not receive any additional benefits, allowances, salaries or fees, bonuses, or other incentive schemes.

The Board remuneration for 2023 was 23,948,835.63 and was approved by the shareholders in the annual general meeting held on 27 February 2024 (as the aggregate Board remuneration). The proposed Board aggregate renumeration for 2024 is AED 26,155,000 and shall be tabled for shareholder approval at the 2025 annual general meeting.

Board of Directors continued

Board meetings

The table below sets out the dates of the Board meetings and attendance details. There were seven (7) meetings held during 2024. It is worthy of mention that the directors have not extended a proxy for attendance on their behalf in the case of their absence:

Date of meeting	Present	Apologies
23 January 2024	8	Dr. Hamad Buamim
30 January 2024	9	None
23 April 2024	9	None
4 June 2024	9	None
23 July 2024	9	None
5 November 2024	9	None
23 December 2024	9	None

Resolutions by passing during 2024

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 2024 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, except for 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 2024. 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, including powers of attorney, are set out in writing and reviewed periodically.

Board share ownership

Name	Position	Owned shares as on 01/01/2024	Owned shares as on 31/12/2024	Total sale	Total purchase
H.E. Mohammed Al-Shaibani	Chairman	48,026,386	48,026,386	–	–
Eng. Yahya Saeed Ahmad Nasser Lootah	Vice Chairman	19,743,592	19,743,592		
Dr. Hamad Buamim	Director	–	–	–	–
Mr. Hamad Abdulla Rashed Obaid Al Shamsi	Director	100,000	100,000	–	–
Mr. Ahmed Mohammed Saeed bin Humaidan Al Falasi	Director	–	–	–	–
Mr. Abdulaziz Ahmed Rahma Al Mheiri	Director	–	–	–	–
Mr. Badr Saeed Hareb Al Muhairi	Director	–	–	–	–
Mr. Javier Marin Romano	Director	–	–	–	–
Dr. Cigdem Kogar	Director	–	–	–	–
Spouse – Eng. Yahya Saeed Ahmad Nasser Lootah	-	2,066	2,066		

Board Committees

To aid 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. Notwithstanding any delegation by the Board to a committee, it 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 Sustainability Committee (BSC); and
- Board Profit Distribution & Management Committee (BPDMC).

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. The composition of the committees complies with applicable regulatory requirements.

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 2024.

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;
- relationship with the external auditors, their effectiveness and independence;
- performance, effectiveness and independence of the Group Internal Audit function;
- performance, effectiveness and independence of Group Internal Sharia Audit function;
- effectiveness of the internal control, risk management and governance systems; and
- audit functions in the Group, while respecting the independent legal and governance responsibilities that may apply to the individual entities.

Throughout the year, the BAC has maintained a robust oversight framework in line with our corporate governance standards. These included a comprehensive financial review, audit execution and budget planning, governance and policy reviews, risk and control assessments and external auditor oversight.

Comprehensive financial reviews

The committee reviewed the Group's financial results for the full year 2023 as well as quarterly results for Q1, Q2, and Q3 2024. External auditor reports for these periods were examined, confirming that the reports on both annual and interim financial statements contained no qualified opinions. The discussions with the external auditors on the financial statements included the level of clarity and completeness of the proposed disclosures and the extent of compliance with applicable legislations, accounting standards and other guidelines.

Audit planning and execution

The committee reviewed and approved the 2024 annual audit plans of Group Internal Audit (GIA) and Group Internal Sharia Audit (GISA). In addition, the committee closely monitored key audit matters, the outcomes of internal audit findings, and the status of open audit issues as reported by GIA and GISA. Special presentations on delinquent collections and major litigation, and updates on internal Sharia audit results by GISA were also considered.

Board Committees continued

Governance and policy reviews
Annual reviews were conducted for the External Auditor's Policy, the committee's terms of reference, and the Group Internal Audit Charter. These reviews ensured that our audit practices remained aligned with regulatory requirements and emerging best practices.

Audit issues
The committee diligently examined significant issues identified by internal and external auditors. It assessed control gaps, monitored senior management's action plans to address high-risk issues, and emphasised the importance of prompt resolution of audit observations and risks.

Actions to address deficiencies in internal control or risk management
The committee has been proactive in addressing any identified deficiencies in internal control or risk management. Audit observations, which include control gaps and improvement opportunities, are meticulously documented in internal audit reports and presented to the BAC. Open audit issues are closely monitored with regular updates provided to both the BAC and the GCEO. The committee has also asked for temporary mitigating controls for the high-risk issues until the appropriate remediating action has been implemented. In cases where high-risk issues remain unresolved, the BAC has communicated the need for stronger management commitment and prioritization to ensure timely and effective resolution.

The committee has demonstrated a steadfast commitment to upholding the highest standards of corporate governance. Through rigorous review processes, detailed evaluations of both internal and external audit functions, and a proactive approach to risk and control deficiencies, the BAC has ensured that the Group's financial reporting and audit processes remain robust, independent, and effective. The integrated oversight processes – ranging from the selection and evaluation of external auditors to the monitoring of internal audit findings – underscore our commitment to transparency, accountability, and continuous improvement in governance practices.

External auditor oversight
The committee oversaw the external audit engagement process, including reviewing and recommending the appointment of the external auditor. This process incorporated a detailed evaluation of the external auditor's independence, objectivity, technical competence, and adherence to quality control standards. The BAC has made several considerations in 2024 in overseeing the performance of the external auditors such as evaluation results, the discussion on Deloitte's audit plan, and management's feedback on the external auditor's interactions with DIB.

Set out below are key elements of the role of the BAC and key matters relating to the external auditor.

Role of the BAC
The committee, as delegated by the Board and in accordance with the External Auditor's Policy, oversees the effectiveness, independence, and objectivity of the external auditor. This responsibility includes:
- approving the tendering policy for the external auditor's engagement, which specifies the criteria such as sufficient knowledge, competence, objectivity, independence, professional scepticism, and quality control;
- recommending to the Board the appointment, reappointment, or dismissal of the external auditor;
- reviewing the external auditor's fees and subsequently recommending these to the Board and shareholders for approval;
- reviewing and agreeing the engagement terms, ensuring this is appropriate, considering the Bank's scale and complexity, materiality, focus areas and material areas of risk;
- ensuring that the external audit plan is appropriately scoped to reflect the Group's nature, size, complexity, and regulatory requirements; and
- assessing the auditor's effectiveness annually, thereby ensuring compliance with applicable legislative requirements.

Selection and appointment of the external auditor
Only external auditors approved by the CBUAE, and registered with the SCA, are eligible for appointment, where candidate firms must:
- demonstrate both qualifications and independence, including adherence to restrictions on non-audit services;
- possess the necessary licensing and approval from relevant authorities to operate in the UAE;
- have a minimum of five (5) years' experience auditing public joint stock companies; and
- not hold any position as a shareholder, director, or in any technical, administrative, or executive capacity within the Group.

After a rigorous interview process conducted by the Group Chief of Internal Audit and Chief Financial Officer, the BAC evaluates the firms based on efficiency, reputation, independence, capacity, experience, and qualifications, with due regard for the outcomes of the annual review process and DIB's scale and complexity. The recommended firm is then submitted to the Board for further deliberation and ultimately, to shareholders for approval of the shareholders at the annual general meeting.

Board Committees continued

Tenure, reappoinment and rotation

The shareholders appoint the external auditor for one (1) financial year, with the possibility of renewal for up to six (6) consecutive years. Notably, the partner responsible for the audit must be changed after three (3) consecutive years. The BAC evaluates the performance and independence of the external auditor annually and recommends reappointment or removal based on the auditor's quality of service, experience, sufficiency of resources, objectivity, and professional scepticism. Information regarding the tenure of the current audit firm is regularly reviewed, with the understanding that any decision to retain the external auditor must be in the best interests of the Bank, its subsidiaries, and stakeholders.

Scope of work and fees

Annually, the BAC recommends to the Board the fee structure for external audit services and the scope of work, which includes both audit and audit-related services. Any additional fees, especially for services outside the pre-approved scope, require the BAC's prior written approval. The BAC prudently assesses proposed non-audit services for potential threats to auditor objectivity and independence, ensuring that the external auditor is not engaged in services that could compromise their role.

Evaluation, independence and non-audit services

The BAC has continuously evaluated the external audit process, ensuring that the approach to appointing or reappointing the external auditor is based on stringent criteria that safeguard independence and technical competence. Annual performance evaluations of the external auditor are conducted by the BAC in collaboration with the Group Chief of Internal Audit. Feedback is gathered from business functions that interact with the external auditors regarding their independence, objectivity, technical skillset, and overall quality of service. The external auditor is also required to attest to the existence of an established quality control system that monitors compliance with independence standards and ethical responsibilities and 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 the Bank'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 BAC holds an annual meeting with the external auditor – without management present – to address any issues related to scope restrictions, access to records, or disagreements with management, including any significant audit qualifications. During this meeting in 2024, the BAC obtained the external auditor's confirmation regarding their independence, their satisfaction with the support provided by management and the adequacy of the audit evidence 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.

To maintain auditor independence, any engagement of the external auditor for non-audit services requires prior written approval from the BAC. The committee evaluates such engagements based on the auditor's expertise in the proposed area and the safeguards in place to mitigate potential conflicts of interest.

External audit reservations

The external auditor did not raise any reservations in relation to the annual audit for the year ending 31 December 2024.

2024 external auditor and 2025 recommendations

DIB's shareholders appointed Deloitte & Touche (M.E) (Deloitte) as the Bank's external auditor for 2024 in the annual general meeting held on 27 February 2024. 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. It has served as trusted advisors to its clients for 100 years. Deloitte UAE is a full-service firm in UAE with well-developed practices serving diverse industries. It has over 2,200+ professionals based within five practice offices in Abu Dhabi, Dubai, Fujairah, Ras Al Khaimah and Sharjah.

The table below sets out the details of the external auditor and fees for 2024:

Name of external auditor	Deloitte & Touche (M.E)
Number of years served as external auditor	6
Name of external audit partner	Ms. Julie Kassab
Number of years audit partner has served in this role	3
Total audit fees	AED 2,052,500
Fees and costs of other services other than auditing the financial statements for 2024	AED 1,477,870
Details and nature of other services provided by the external auditor	• Comfort Letter for issuance of Sukuk • Issuance of Long form audit report • Review of Framework of Internal Controls over Financial Reporting

Deyaar Development P.J.S.C. is not included in the above aggregated audit fees.

The audit fees for DIB Bank Kenya Limited and Dubai Islamic Bank Pakistan Limited are set out below and are not included in the consolidation above as the services were provided by audit firms that are not associated with Deloitte.

Total audit fees of other subsidiaries	**AED 273,544**

Board Committees continued

In respect of the external auditor appointment for 2025, the committee has recommended to the Board that the current external auditor shall be replaced as they have served the maximum consecutive term as per the regulatory tenure limits. The Board has endorsed the committee's recommendation to seek the shareholders' approval for the appointment of KPMG as the external auditor for 2025 in the next annual general meeting.

On behalf of the committee, I acknowledge my obligation to discharge the responsibilities of the BAC, as set in its Board-approved terms of reference, and to ensuring its effectiveness.

Mr. Javier Marin Romano
Chair of BAC

The BAC met ten (10) times in 2024.

The BAC's composition and meeting attendance for 2024 was as follows:

Date	Mr. Javier Marin Romano Chair	Mr. Ahmad Mohammad Bin Humaidan Member	Dr. Hamad Buamim Member
23-Jan-24	✓	✓	✓
22-Feb-24	✓	✓	✓
21-Mar-24	✓	✓	✓
23-Apr-24	✓	✓	✓
28-May-24	✓	✓	✓
25-Jun-24	✓	✓	✓
23-Jul-24	✓	✓	✓
8-Oct-24	✓	✓	✓
5-Nov-24	✓	✓	✓
28-Nov-24	✓	×	✓

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 Board members;
- The nomination, induction and the ongoing development programme for Board members;
- The review, approval and oversight of the implementation of DIB's compensation system, the strategic human resources policy and the 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; and
- Monitoring DIB culture KPIs through a culture dashboard with a focus on diversity, attrition, learning, and HR governance.

In 2024, the committee discharged its responsibilities as per its terms of reference, with a keen focus on the Bank's people and culture.

The committee received periodic updates on the people strategy and associated action plans, the status of Emiratisation, and pertinent human resources matters. The committee discussed the results of the employee engagement survey and reviewed the employee code of conduct in the context of the organisational culture and the desired standards of behaviour. In line with the focus on employee well-being and engagement, the committee reviewed the strategic human resource policy with the addition of the new Diversity, Equity and Inclusion Policy. The committee also continued to oversee the succession plans for senior management to ensure leadership continuity.

The committee received updates on the compensation and approved variable compensation elements for senior management, in addition to recommending the remuneration for the Board members.

The committee approved the appointments of senior management serving as nominee directors on behalf of DIB ensuring that there was no conflict of interest.
The committee oversaw the 2024 Board assessment process and evaluated the

Board Committees continued

composition of the Board and its committees concluding that this is compliant with relevant requirements. The committee also reviewed the independence of the Board members providing its recommendations to the Board. The committee approved the annual training plan for the Board members and monitored its implementation.

On behalf of the committee, I acknowledge my obligation to discharge the responsibilities of the BNRC, as set in its Board-approved terms of reference, and to ensuring its effectiveness.

Dr. Hamad Buamim
Chair of BNRC

The BNRC met six (6) times in 2024.

The BNRC's composition and meeting attendance for 2024 was as follows:

Date	Dr. Hamad Buamim Chair	Eng. Yahya Saeed Ahmad Nasser Lootah Member	Mr. Bader Saeed Hareb Member
29-Jan-2024	✓	✓	✓
20-Feb-2024	✓	✓	✓
24-Apr-2024	✓	✓	✓
26-Jun-2024	✓	✓	✓
11-Sep-2024	✓	✓	✓
6-Nov-2024	✓	✓	✓

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;
- overseeing the Bank's model risk management and governance framework;
- reviewing the Bank's material policies;
- monitoring compliance with legal and regulatory obligations;
- approval of the Bank's ICAAP report and regulatory mandated stress tests;
- reviewing whistleblowing reports, and the status of subsequent investigation; and
- guiding a group risk reporting structure.

During 2024, the committee continued to discharge its duties in line with its terms of reference approved by the Board. The committee ensured that the Group Risk Appetite for 2024 was clearly defined by integrating key dimensions such as capital adequacy, credit, liquidity, market, operational, and behavioural risks and updated the solvency risk component. The committee closely monitored the Bank's risk profile through comprehensive reporting from the Group Chief Risk Officer, extending the risk profiles of key subsidiaries and affiliates. In addition, the committee reviewed updates on Sharia non-compliance risk, compliance and information security and cybersecurity as part their oversight of all material risks.

The committee reviewed material policies, updates on the corporate governance framework and the outcomes of the annual fraud and conduct risk report, the CBUAE FSU stress test, and ICAAP 2023–2024 process which was executed in accordance with regulatory standards and robust capital planning requirements. The committee reviewed enhancements to the internal risk assessment process and the refinement of Pillar 3 disclosures driving enhanced risk management and transparency.

Looking to 2025, the committee engaged on the group risk review and forward-looking risk management strategy.

Board Committees continued

On behalf of the committee, I acknowledge my obligation to discharge the responsibilities of the BRCGC, as set in its Board-approved terms of reference, and to ensuring its effectiveness.

Dr. Cigdem Kogar
Chair of BRCGC

The BRCGC met ten (10) times in 2024.

The BRCGC's composition and meeting attendance for 2024 was as follows:

Date	Dr. Cigdem Kogar Chair	Mr. Bader Saeed Hareb Member	Mr. Javier Marin Romano Member
27-Feb-24	✓	✓	✓
1-Apr-24	✓	✓	✓
2-May-24	✓	✓	✓
4-Jun-24	✓	×	✓
28-Jun-24	✓	✓	×
28-Aug-24	✓	✓	✓
24-Sep-24	✓	✓	×
29-Oct-24	✓	✓	✓
19-Nov-24	✓	✓	×
27-Dec-24	✓	✓	✓

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.

During 2024, the committee continued to discharge its duties in line with its terms of reference approved by the Board. The committee approved and where necessary as per the delegation of authority, recommended credit, investment, and collection applications to the Board for approval, ensuring that each proposal met required standards and aligned with DIB's strategic objectives.

The committee reviewed the portfolio's composition and quality, thereby maintaining a well-balanced and robust asset mix that adheres to sound risk management principles. Ongoing monitoring of investment performance was conducted rigorously ensuring the Bank's financial integrity and long-term stability.

Furthermore, the committee formulated and recommended a comprehensive investment strategy to the Board, integrating thorough market analysis with the Bank's priorities to support informed governance and effective decision making.

On behalf of the committee, I acknowledge my obligation to discharge the responsibilities of the BCIC, as set in its Board-approved terms of reference, and to ensuring its effectiveness.

Mr. Abdulaziz Ahmed Rahma Al Mheiri
Chair of BCIC

The BCIC met twenty-eight (28) times in 2024.

Board Committees continued

The BCIC's composition and meeting attendance for 2024 was as follows:

Date	Mr. Abdulaziz Ahmed Rahma Al Mheiri Chair	Mr. Hamad Abdulla Rashed Obaid Al Shamsi Vice Chair	Eng. Yahya Saeed Ahmad Nasser Lootah Member	Dr. Hamad Buamim Member
16-Jan-2024	×	✓	✓	✓
23-Jan-2024	✓	✓	✓	✓
6-Feb-2024	✓	×	✓	✓
13-Feb-2024	✓	✓	✓	✓
20-Feb-2024	✓	✓	✓	✓
5-Mar-2024	✓	✓	×	✓
19-Mar-2024	×	✓	✓	✓
2-Apr-2024	×	✓	✓	✓
30-Apr-2024	✓	✓	✓	✓
14-May-2024	✓	✓	✓	✓
28-May-2024	✓	✓	✓	✓
4-Jun-2024	✓	✓	✓	✓
6-Jun-2024	✓	✓	✓	✓
25-Jun-2024	✓	✓	✓	✓
9-Jul-2024	✓	✓	✓	✓
23-Jul-2024	✓	✓	✓	✓
30-Jul-2024	×	✓	✓	✓
13-Aug-2024	×	✓	✓	✓
3-Sep-2024	✓	✓	✓	✓
17-Sep-2024	✓	×	✓	✓
1-Oct-2024	✓	✓	✓	✓
15-Oct-2024	✓	✓	✓	✓
29-Oct-2024	✓	✓	✓	✓
12-Nov-2024	✓	✓	✓	✓
19-Nov-2024	×	✓	✓	✓
4-Dec-2024	×	✓	✓	✓
17-Dec-2024	✓	✓	✓	✓
31-Dec-2024	✓	×	✓	✓

Board Sustainability Committee (BSC)

The BSC'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.

In 2024, the committee reviewed the overarching DIB sustainability strategy and tracked progress of its implementation. The committee also evaluated internal performance metrics, setting KPIs and 2024 targets across all business verticals, and monitored a comprehensive suite of ESG indicators. The committee further evaluated the development of internal policies, including the Sustainability Policy and the DEI Policy, as well as associated public statements such as the DIB DEI, Net Zero, Sustainability, and ERM Sustainability Policy statements.

The committee examined internal ESG performance across multiple reporting periods. External ESG ratings were also critically assessed through a comparative analysis relative to peers, with improvements noted in key sustainability scores.

In relation to the Bank's sustainable finance, the committee confirmed that new issuances totalling USD 1 billion had been integrated into the sustainable issuance portfolio, maintaining a consistent aggregate of USD 2.75 billion. The Sustainable Finance Framework was reviewed through rigorous benchmarking and an assessment of the Bank's lending and investment portfolio, resulting in amendments to eligible criteria. This process has enhanced the framework's robustness, reduced the sustainable asset gap, and was validated by a Second Party Opinion from ISS-Corporate.

The committee also conducted asset register health checks, confirming that sustainable assets comprise approximately 5% of gross financing in earlier reviews, with a more recent update showing a figure of 4.20%. This ongoing monitoring ensures that the asset register remains a reliable indicator of the organisation's sustainable financing efforts.

On behalf of the committee, I acknowledge my obligation to discharge the responsibilities of the BSC, as set in its Board-approved terms of reference, and to ensuring its effectiveness.

Mr. Hamad Abdulla Rashed Obaid Al Shamsi
Chair of BSC

Board Committees continued

The BSC convened four (4) meeting in 2024.

The BSC's composition and meeting attendance for 2024 was as follows:

Date	Mr. Hamad Abdulla Rashed Obaid Al Shamsi Chair	Mr. Abdulaziz Ahmed Rahma Al Mheiri Member	Mr. Ahmad Mohammad Bin Humaidan Member
16-Jan-2024	✓	✓	✓
22-Apr-2024	✓	×	✓
16-Jul-2024	✓	✓	✓
22-Oct-2024	✓	✓	✓

Board Profit Distribution and Management Committee

The role of the BPDMC 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 equalisation, including utilisation of reserves (such as the profit equalisation and investment risk reserves), are appropriately checked and monitored.

During 2024, the committee continued to discharge its duties in line with its terms of reference approved by the Board. The committee oversaw the management of the profit equalisation reserve (PER), ensuring adherence to established policies, regulatory standards and alignment with the Bank's financial objectives. The committee ensured that assets were allocated to each pool of deposits consistently in accordance with the Mudaraba and Wakala Deposits Policy.

The committee discussed the underlying asset pools and the application and use of PER approaches. The committee also reviewed an assessment of commercial displacement risk.

On behalf of the committee, I acknowledge my obligation to discharge the responsibilities of the BPDMC, as set in its Board-approved terms of reference, and to ensuring its effectiveness.

Eng. Yahya Saeed Ahmad Nasser Lootah
Chair of BPDMC

The BPDMC met four (4) times in 2024.

The BPDMC's composition and meeting attendance for 2024 was as follows:

Date	Eng. Yahya Saeed Ahmad Nasser Lootah Chair	Dr. Mohamed Ali Ibrahim El Gari Member	Dr. Cigdem Kogar Member
18-Jan-2024	✓	✓	✓
22-Apr-2024	✓	✓	✓
30-Jul-2024	✓	✓	✓
22-Oct-2024	✓	✓	✓

Internal Sharia supervision committee

The ISSC's duties and functions include supervision and review of DIB's businesses, activities, products, services, contracts, transactions; and to review and approve documentation, policies, procedures and manuals in relation to all activities and functions of DIB.

The ISSC is comprised of five (5) Islamic Sharia Scholars nominated by the Board and appointed by the General Assembly in accordance with the approval of the Higher Sharia Authority of the CBUAE (HSA). The term of appointment of the ISSC members is three (3) years, which may, subject to approval of the HSA, be renewed by the General Assembly for similar periods.

The current members of the ISSC have been appointed by the General Assembly in the annual general meeting of shareholders held on 27 February 2024.

During the year 2024, the ISSC has completed the requirements of its terms of reference with regard to various matters, including 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.

In 2024, 17 meetings were held by the ISSC with full attendance by the members, and more than 3,200 matters were considered by the ISSC, its Executive Member and the GISCD.

To support the Board in discharging its responsibility in relation to DIB's Sharia compliance, the Board and ISSC had two (2) meetings, (in February 2024 and November 2024), to discuss matters pertaining to Sharia governance.

The ISSC shall present its 2024 report to the General Assembly in the next annual general meeting.

The following Sharia Scholars currently serve on DIB's ISSC[1]:

Sheikh Dr. Muhammad Abdulrahim Sultan Al Olama
Chairman

Sheikh Dr. Sultan Al Olama is a former Professor of Fiqh and jurisprudence at the College of Law at the United Arab Emirates University. Dr. Sultan is a leading and distinguished expert in the field of Islamic banking, finance and insurance. He is also a recipient of the Rashid bin Saeed Al Maktoum Award for Academic Excellence.

Dr. Sultan is the Chairman of the Internal Sharia Supervisory Committees of several Islamic financial institutions in the UAE.

Dr. Sultan holds a PhD in Islamic Law and Jurisprudence from Umm Al Qurra University, Mecca, Kingdom of Saudi Arabia and has written extensively on modern Islamic finance and has presented numerous research papers at various international conferences.

Professor Dr. Mohamed Ali Elgari
Vice 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. 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.

He is a member of the editorial boards of several academic publications in the field of Islamic finance and jurisprudence, including the Journal of the Jurisprudence Academy (of the IWL), Journal of Islamic Economic Studies (IDB), Journal of Islamic Economics (IAIE, London), and the advisory board of the Harvard Series in Islamic Law, Harvard Law School, USA.

[1]Dr. Ibrahim Ali Al Mansoori served on the DIB ISSC until 26 July 2024. Efforts are underway to identify and recommend a suitable scholar to the General Assembly subject to regulatory clearances.

Internal Sharia Supervision Committee continued

Dr. Elgari is also an advisor to numerous Islamic financial institutions throughout the world and is notably on the Sharia board of the Dow Jones Islamic Market World Index as well as a member of the Islamic Fiqh Academy and the Islamic Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI). In addition, Dr. Elgari is Chairman and member of a number of Sharia Supervisory Committees of prominent local, regional and international Islamic financial institutions.

Dr. Elgari holds a PhD in Economics from the University of California, United States of America.

Dr. Muhammad Qaseem

Executive Member

Dr. Muhammad Qaseem is a renowned Sharia scholar and Islamic finance expert. He is the chairman and a member of the Sharia Supervisory Committees of several prominent Islamic financial institutions. Dr. Qaseem has served as a member of the Sharia board of the State Bank of Pakistan, Dubai Financial Market and many other Islamic banks and institutions. He is also a member of the Governance and Ethics Board of AAOIFI.

Dr. Qaseem holds a PhD in Tafseer and Qur'anic Sciences from the International Islamic University Islamabad. He has served as a faculty member at various universities in Pakistan. He fluently speaks five 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 imparted training to staff of numerous institutions and has been a speaker at many Islamic banking conferences. He has been instrumental in developing innovative structures and products in some challenging regulatory environments.

Datuk Professor Dr. Mohamad Akram Laldin

Member

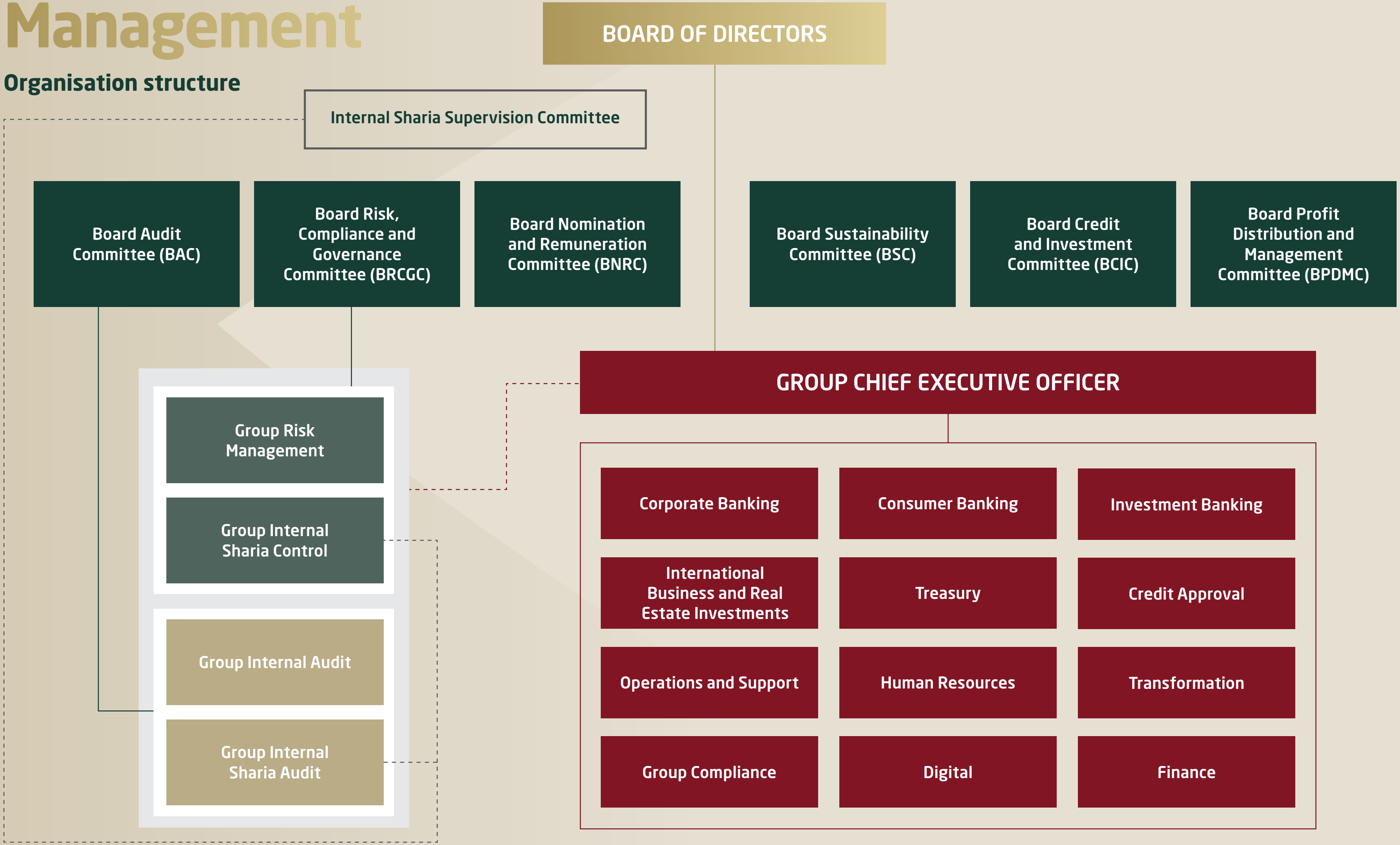
Prof. Dr. Laldin is a well-recognised Islamic Sharia scholar and an academia. He has served as the Executive Director of ISRA, Malaysia, and a professor at the University of Sharjah.

Prof. Dr. Laldin is also a member of the Bank Negara Malaysia Sharia Advisory Council (SAC), Committee member of AAOIFI Sharia Standards, Bahrain and other several 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 PhD in Islamic Jurisprudence (Usul al-Fiqh) from the University of Edinburgh, Scotland, United Kingdom. He is the recipient of the Zaki Badawi Award 2010 for Excellence in Sharia Advisory and Research. He has participated in and presented papers at numerous local and international conferences.

Management

Organisation structure



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

Management continued

Senior management

Senior management, led by the GCEO, reports 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 is a globally recognised leader in Islamic banking and finance, renowned for his transformative contributions to the global financial landscape. With nearly three decades of experience, he has been instrumental in integrating Islamic finance into the mainstream, positioning it as a viable and competitive alternative worldwide. As Group CEO of Dubai Islamic Bank (DIB), Dr. Chilwan leads one of the world's largest Islamic financial institutions, managing assets exceeding USD 94 billion and a workforce of over 10,000. Under his leadership, DIB has expanded its global footprint and reinforced its status as a pioneer in Islamic finance.

His influence extends beyond DIB, as reflected in his numerous accolades. He was ranked among Forbes Middle East's 'Top 100 CEOs in the Middle East' in 2023 and 2024, recognised as one of the region's 100 sustainability leaders in 2023, and earned the Banker of the Year award at the MEA Finance Awards (2022), among other prestigious recognitions. Dr. Chilwan's expertise also shapes the strategic direction of key institutions. He holds board positions at Noor Bank, Deyaar PJSC, Liquidity Management Centre, and the International Islamic Financial Market. As Chairman of DIB Kenya's Board of Directors, he plays a pivotal role in advancing Islamic finance in emerging markets.

An academic achiever, Dr. Chilwan holds a PhD, an MBA in Marketing, and is a Certified Islamic Banker (CeIB). Beyond his professional pursuits, he is an avid sports enthusiast, particularly passionate about cricket, embodying a dynamic and well-rounded approach to leadership and life.

Obaid Khalifa Al-Shamsi

Chief Operating Officer

Date of joining: January 1998

Mr. Obaid K. Al-Shamsi is the Chief Operating Officer of the Bank with effect from 2019 and has over 27 years of multi-functional responsibility spanning across planning, organizing, and strategic directions to day-to-day operational activities of the Bank. He heads Technology, Legal, Central Operations, Administration, Organizational Effectiveness, Operational Control and Policy management functions.

Mr. Al-Shamsi has performed various roles in the Human Resources and Administration divisions of the Bank in addition to heading these functions prior to assuming the role of COO. Mr. Al-Shamsi serves on various boards of the Bank's local and international subsidiaries and affiliates and provides specialized contribution through his participation on the board memberships at non-executive capacity in various strategic and non-strategic investments of DIB in wide variety of sectors including but not limited to banking and finance, digital media, Sharia consultancy, hospitality, education sector, brokerage, real estate firms, facility management. Mr. Al-Shamsi brings a wealth of experience straddling all business aspects, including technology advancement and transformation, mergers and acquisitions, succession planning, talent acquisition and development, change management, governance, legal, and leadership development. Mr. Al-Shamsi has had to his credit, numerous awards, and accolades. He holds a Master's degree in Business Administration from Middlesex University of London and is a Certified Board Member of the Director Development Programmed by International Finance Corporation and Hawkamah (The Institute of Corporate Governance, Dubai, UAE). He also holds a professional certification in HRM from American University of Sharjah and certificate in Personnel Practice from CIPD, UK.

Management continued

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 the 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 seven years where he held multiple roles. He 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.

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 experience in corporate finance, with a 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 BSc from Karachi University, Pakistan.

Sanjay Malhotra

Chief Consumer Banking Officer

Date of joining: February 2015

Mr. Sanjay Malhotra is the Bank's Chief Consumer Banking Officer 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 the Bank'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, the 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, Mr. Malhotra held the roles of General Manager – Retail and Private Banking at National Bank of Oman, and Head of Retail Banking (International) at National Bank of Kuwait. He has also worked with Citibank, ANZ Grindlays and Arab Bank in multiple geographies in Asia, the Middle East, Levant and 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 has an MBA from BITS-Pilani in India.

Management continued

Ali Ahmad

Chief of Investment Banking

Date of joining: July 2024

Mr. Ali Ahmad is a seasoned and highly experienced investment banker with 30 years of capital markets and debt origination experience. Currently, he is responsible for overseeing the Bank's investment banking business that encompasses debtcapital markets, financing solutions, equity capital markets, structured finance and all cross border financing. Prior to joining DIB, he was with Standard Chartered Bank for 22 years. Mr. Ahmad has a proven international track record of building and leading world class award-winning capital markets teams across the Africa and Middle East region. He is one of the architects of the Middle East debt capital markets development and growth since the global financial crisis in 2008, having led and advised over USD 200 billion of landmark debt transactions with more than 250 deals including several key innovative and first-ever deals in various markets.

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 specialises 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 the Institute of Chartered Accountants of India.

Mohamed Saeed Ahmed Abdullah Al Sharif

Chief of International Business & Real Estate Investments

Date of joining: September 1999

Mr. Mohamed Al Sharif is a senior banker with over 36 years of well-rounded banking experience in business and finance. His specialisation constitutes finance and investment banking, providing leadership to business lines to maximise returns and give direction towards the achievement of the organisation'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.

Musabbah Al Qaizi

Chief Digital Officer

Date of joining: September 1999

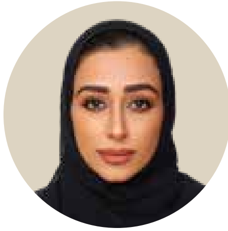
Mr. Musabbah Al Qaizi has over 34 years of experience in information technology. During his tenure with DIB, he has also been responsible for executing the technology, information security and digital operations strategy. This included responsibility for the development and enhancement of DIB's electronic channels. Mr. Al Qaizi holds a Bachelor's degree in Information Management System from University of Arkansas At Little Rock, USA.

Management continued

Saeed Wajdi
Chief of Treasury

Date of joining: January 2024

Mr. Saeed Wajdi is a seasoned banker with over 24 years of experience. His most recent role was as the Senior Managing Director – Head of Global Markets, FAB, where he was pivotal in establishing FAB Global Markets as a reference among its core clients and key relationships. Prior to this, Mr. Wajdi was part of the senior leadership team in the Global Markets Division of National Bank of Abu Dhabi (now FAB) from 2007. He held several positions including Head of Global Markets Fixed Income Sales/Syndication and Trading, General Manager – Head of Institutional Sales & Primary Markets, Managing Director – Head of Commercial Sales, and Managing Director – Global Head of Sales. He also held several board positions and was the Chairman of the International Capital Markets Association MENA. From his early days at HSBC Bank Middle East to his most recent leadership position at FAB, Mr. Wajdi has been involved in transforming many businesses by developing strategic plans and establishing the infrastructures to facilitated Global Markets activities regionally and internationally. His educational background includes a Bachelor of Applied Science in Business Administration from the Higher Colleges of Technology in 1999.



Rafia Mohammad Essa Al Aabbar
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, she has built a distinguished career within the bank, taking on roles across various HR functions. She has played a key role in shaping and driving the Bank's HR strategies. She began her journey at DIB, progressively advancing through roles in Emiratization, recruitment, HR operations, learning and talent management. Her extensive expertise has contributed to the development and implementation of strategic HR initiatives that support the Bank's growth and workforce development. Mrs. Al Abbar holds a bachelor's degree in E-Business Management from Dubai Women's College Technology, UAE. She is a Certified Senior Professional Coach, and she has also earned international certifications, including Certified Assessor from Profile International Limited, and CIPD (Chartered Institute of Professional Development), further strengthening her expertise in the field of HR.

Varun Sood
Chief Transformation Officer

Date of joining: June 2008

Mr. Varun Sood has over 36 years of multi-functional experience with leading banks in the region. He has worked with DIB group for 19 years in various capacities and currently oversees the Bank's strategic transformation programs. Prior to joining DIB, Mr. Sood was the Regional Head, Consumer Credit Asia & Group Basel II Implementation at ABN-AMRO Bank, and 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.

Noman Rasheed
Chief Information Officer

Date of joining: March 2020

Mr. Noman Rasheed has over 27 years of experience in transforming organisations 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 specialises in orchestration and execution of result-oriented strategies and delivery of high-performance organisations with remarkable achievements. Highly qualified with double master's in information technology and management as well as strategy.

Management continued

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 2024, Mr. Rahman was awarded the title "General Counsel of the Year", and was also commended as being part of the "Legal 500 GC Powerlist for the Middle East" in 2022, 2023 and 2024. 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.

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.

Mian Muhammad Nazir

Group Head of Internal Sharia Control

Date of joining: October 2005

Mr. Mian Nazir serves as Group Head of Internal Sharia Control at DIB. He has been associated with DIB since 2005 in various capacities. He has been a member of Sharia governance boards of various Islamic financial institutions in the GCC, South Asia and East Africa and, during his time at DIB, he has also held the position of CEO of Dar Al Sharia Limited. During his professional career spanning over twenty years, Mr. Nazir has navigated the growth of Islamic banking and finance industry through cutting edge solutions, product development, structuring and Sharia advisory services in all areas of Islamic banking and Takaful industry. He has pioneered Islamic banking and finance consulting and advisory to support the ever-growing requirements of Islamic finance advisory. He has supervised the structuring various landmark, first ever and innovative Islamic finance product structures and transactions (i.e. Sukuk, securitization, corporate finance, project financing, asset financing, infrastructure financing, etc.).

Mr. Nazir is a leading authority in commercial law, Islamic jurisprudence and Islamic banking and finance. Prior to DIB Group, he has served as Legal Advisor to Dallah Albaraka Group, KSA and Director Law and Regulatory Affairs, Pakistan Telecommunication Authority, Pakistan. Mr. Nazir holds a master's degree in law from the University of Cambridge, United Kingdom and B.Sc. and an integrated B.A and LLB (Hons.) Sharia and Law from the International Islamic University, Pakistan.

Management continued

Abdul Waheed Rathore

Group Chief Compliance Officer

Date of joining: January 2022

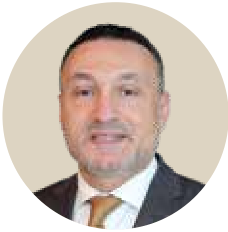
Mr. Abdul Waheed Rathore has held various leadership and Chief Compliance Officer positions over the last three decades in major global and regional banks including Citigroup, ABN AMRO N.V, Abu Dhabi Commercial Bank and HBL. Additionally, he has worked as a banking regulator by serving as the Executive 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 from INSEAD and an MSc in Finance & Financial Law from University of London. He is Certified Board Director from the Institute of Directors (IoD) London. He also holds a Fintech Certification from Oxford University, UK.

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, which he acquired in large multinational organisations that he worked for in Türkiye, the 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 led in more than 15 different countries. His proven ability to conduct organisational 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.



Ahmed Haikal

Head of Internal Sharia Audit

Date of joining: August 2007

Mr. Ahmed Haikal is currently serving as Head of Internal Sharia Audit at DIB. He has over 25 years of extensive experience in Islamic banking and finance, with a focus on Sharia audit, compliance, and governance. Mr. Haikal oversees strategic Sharia audit planning, regulatory compliance, and audit reporting across the Bank's operations, subsidiaries, and affiliates. Prior to his current role, he held the position of Head of Sharia Compliance Positions at Dubai Islamic Bank, contributing significantly to the development and implementation of the HSA, CBUAE Sharia governance standard and ensuring adherence to Islamic principles and regulatory standards. Mr. Haikal is a member of the AAOIFI Internal Sharia Audit Working Group and Zakat Committee, where he plays a pivotal role in shaping industry standards. He also serves as Vice Chairman of the Unified Sharia Screening Committee, overseeing Sharia compliance for securities listed on DFM and ADX. His expertise extends to leading independent

Sharia audits, managing Sharia compliance and mitigating Sharia non-compliance risks. Among his key achievements are the successful implementation of ISO 9000 standards, customisation of the Team-Mate IT Solution for Sharia audit processes, and supervision of profit distribution and Zakat calculations of DIB. Mr. Haikal is a Certified Sharia Adviser & Auditor (CSAA) by AAOIFI and holds an ISO 9001:2015 Lead Auditor certification. He is currently pursuing a PhD in Islamic Finance from Al-Madinah International University. A recognised thought leader, Mr. Haikal has delivered training on Islamic banking and finance to institutions worldwide and has spoken at numerous international conferences, further solidifying his reputation as a respected expert in the field. His leadership continues to reinforce DIB's position as a pioneer in Islamic banking.

Management continued

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 term 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 investment activities and portfolio ensuring it is prudently managed and is aligned with the Bank's strategy and Risk Management Framework.
Risk Management Committee	Provides oversight in 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 and Liability Committee	Responsible for overseeing the Group's assets and liabilities. It is also primarily responsible for effectively managing the funding and liquidity risks of the Group.
Management Sustainability Committee	Oversees and guides the implementation of the Bank's sustainability vision and strategy in relation to environmental, societal and relevant governance considerations and the supporting initiatives.
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 the Bank's overall digital transformation efforts aimed at transforming DIB into a digitally intelligent bank, ensuring digital progress and financial benefit.
Information Technology Committee	Oversees the Bank's core technology projects and initiatives, including projects related to core systems, infrastructure, payments, risk, regulatory and compliance-related projects.

Management continued

Remuneration

Our Rewards policy guides the development and implementation of our rewards and recognition programmes, 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 rewards 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. Market benchmarks are carried out on a regular basis to ascertain the compensation and benefits trends in the market and alignment required.
- Our rewards philosophy focuses on total rewards. Pay structures are designed to drive the desired behaviours 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 performance-based bonus for eligible employees and sales incentives. Based on the nature of the job role and 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 designed to include both Quantitative and Qualitative parameters thus ensuring customer-centric behaviours while meeting business goals. The clawback 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 was incorporated into the bonus model, developed based on principles and standards of sound compensation and prudent risk management, 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 risks. Deferred remuneration vests over a period of three (3) years from the award and are subject to forfeiture, malus and clawback 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.
- 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 clawback 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, 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 rewards 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 GCEO and recommending it to the Board.

Management continued

Remuneration for senior management

	AED in million	
	Fixed remuneration	
1	Number of employees	21[1]
2	Total fixed remuneration (3 + 5 + 7)	40.79
3	Of which: cash-based	40.79
4	Of which: deferred	–
5	Of which: shares or other share-linked instruments	–
6	Of which: deferred	–
7	Of which: other forms	–
8	Of which: deferred	–
	Variable remuneration	
9	Number of employees	21[1]
10	Total variable remuneration (11 + 13 + 15)	63.51
11	Of which: cash-based	63.51
12	Of which: deferred	35.16
13	Of which: shares or other share-linked instruments	–
14	Of which: deferred	–
15	Of which: other forms	–
16	Of which: deferred	–
	Total remuneration (2+10)	**104.30**[2]

1. This includes 19 currently active employees holding senior management roles and 2 senior management members who left DIB during 2024.
2. In 2024, one (1) member of Senior Management who exited the Bank received a severance pay of AED 201,845 which is not included above.

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.

Internal control system

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, Group 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 can 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, the 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 defence model as set out below:

- The **first line of defence** consists of business units, which while vital to the business, creates its greatest risk exposures. This line of defence is responsible and accountable for identifying, assessing, and controlling the risk associated with their activities.

- The **second line of defence** includes support functions and independent control functions (primarily our Group Risk Management, Group Compliance, Group Internal Sharia Control Department), which maintains a close relationship with the business units to ensure that risks have been appropriately identified and managed in line with the approved risk appetite and risk limits. The second line of defence works closely with the first line of defence 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 defence** comprises independent assurance functions. Our Group Internal Audit function independently assesses the effectiveness of processes created in the first and second lines of defence, 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.

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 faced by DIB.

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 and assurance 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.

Internal control system continued

There are several 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.

DIB's governance framework, policies and processes ensure effective implementation, monitoring and reporting of compliance with applicable UAE regulations. Any deviations are identified, reported and addressed immediately to ensure continued alignment with regulatory expectations. As part of the standard practice, any material issues are escalated to management, Board or Board Committee and to the relevant regulatory authorities, as applicable, in spirit of the Bank's commitment to complete transparency to all its stakeholders. No material violations were identified or reported in 2024.

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 wherever 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.

DIB continued to enhance and strengthen its risk management through initiatives including but not limited to:

- strengthening alignment between business strategy and risk;
- integrating risk further into our reward structures by expanding the risk-based key performance indicators for material risk takers to foster a more resilient risk culture;
- creating specialised functions within Group Risk Management for market conduct risk, third party risk and ESG risk to ensure continued focus on these emerging risk types; and
- improving the maturity of the model risk management.

The Group Risk Management function is led by the Group Chief Risk Officer who functionally reports to the BRCGC while maintaining close coordination with senior management and business functions.

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: management takes the necessary measures to deal with each case, including providing the necessary clarifications, and taking the required mitigating actions.

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, market conduct, technology, and including information security.

Compliance

DIB operates as a Licensed Financial Institution which is governed by applicable UAE laws, Cabinet Resolutions, regulations and other regulatory instructions issued by the CBUAE and SCA. The Bank is committed to complying with the applicable sanctions, laws, regulations and regimes of the UAE, the United Nations, the United States, the European Union and the United Kingdom as well as applicable local sanctions, laws and regulations of the jurisdictions in which the Bank operates. DIB is fully committed to complying with all applicable regulatory requirements as well as international best standards. The Bank is also committed to maintaining a strong regulatory relationship with all its regulatory authorities on the principles of trust, openness and transparency.

The Board of Directors remains ultimately responsible for ensuring that the Bank operates under a robust compliance framework. The Board is supported by the BRCGC and management's Compliance Committee and Group Compliance function in discharging this responsibility. The Board approves the Bank's Compliance Risk Appetite and relevant Policies defining minimum standards which will ensure the Bank continues its banking activities in line with regulatory expectations.

Internal control system continued

The Bank has an independent, permanent and effective compliance function to manage its compliance risk. The Bank has a Board approved Compliance Policy which clearly defines its independence, mandate and roles & responsibilities. Whilst Compliance is every staff member responsibility, Group Compliance is mainly responsible for:

- designing and implementing the Bank's overall compliance framework;
- promoting a culture of compliance across the organisation;
- detection of money laundering, terrorist financing and proliferation financing activities;
- reporting suspicious activities and/or transactions to regulatory authorities;
- sanctions compliance;
- monitoring compliance with new and existing regulations;
- providing compliance-related guidance and advisory; and
- reporting to senior management and the BRCGC providing a group-wide view of compliance.

DIB continued to enhance and strengthen its compliance framework through initiatives including but not limited to:

- updating relevant policies and process to continue to align these with local and international best standards and evolving business conditions and risk environment;
- ongoing enhancements to Financial Crime systems for improved detection, prevention and reporting capabilities;
- enhancements to risk assessment methodologies built on a risk-based approach;
- strengthened group oversight though improved collaboration and cooperation efforts; and
- continued focus on staff training and awareness across DIB.

The Group Compliance function is led by the Group Chief Compliance Officer who reports to the Group Chief Executive Officer and has direct access to the Board through the BRCGC.

Sharia Control

Our Group Internal Sharia Control Department (GISCD) represents an integral part of our internal control system (as part of the second line of defence) and the Sharia Governance Framework (SGF). The role of the GISCD includes facilitating and monitoring compliance with Islamic Sharia and to advise and assist on Sharia compliance related matters under the supervision of the ISSC.

Information regarding Sharia compliance and Sharia non-compliance risks is embedded in the related reporting to the BRCGC. The Group Head of ISCD attends the BRCGC to present and discuss Sharia compliance related activities undertaken by the GISCD. The Group 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 Unit of the GISCD reports matters concerning compliance with the principles of Sharia, regulations, Sharia pronouncements of the ISSC, resolutions and standards issued by Higher Sharia Authority to ISSC and the GCEO. In line with the SGF, the work of the Sharia Compliance Unit is integrated within DIB's overall compliance functions and the Head of the Sharia Compliance has a dotted line to the Group Chief Compliance Officer.

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

- reviewing the effectiveness of the SGF in accordance with the requirements of the CBUAE;
- enhancing interactions with Sharia control functions of subsidiaries and affiliates (to the extent required);
- promoting Sharia knowledge across DIB through enhancing our learning and education programmes;
- 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 GISCD is led by the Group Head of ISCD who reports to the BRCGC and with respect to matters related Sharia compliance and Sharia review and approvals, GISCD is supervised by the ISSC.

Internal Audit

The purpose of our Group Internal Audit (GIA) is to strengthen the Bank's ability to create, protect and sustain value by providing the Board and management with independent, risk-based and objective assurance, advice and insight. It helps DIB accomplish its objectives by bringing a systematic approach to evaluate and improve the effectiveness of risk management, internal controls and governance processes.

To ensure independence, the Group Chief of Internal Audit reports functionally to the BAC, positioned at a level in the organisation that enables internal audit responsibilities to be performed without interference from management. To maintain the independence of GIA staff in the discharge of their responsibilities, the internal auditors are organisationally independent from all other functions in DIB, and are not assigned, or expected to engage in, the day-to-day activities of DIB.

GIA governs itself by adherence to the specific regulations related to internal audit as issued by the CBUAE, the SCA and the mandatory elements of the Institute of Internal Auditors Global Internal Audit Standards and Topical Requirements.

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

Internal control system continued

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:

- conducting a readiness assessment to ensure GIA conformance with the new Institute of Internal Auditors' Global Internal Audit Standards, set to take effect in January 2025;
- updating the audit methodology and GIA to align with the updated requirements of the new Global Internal Audit Standards;
- offering internal and external professional development opportunities to GIA staff aimed at enhancing their skills and competencies, fostering expertise and supporting ongoing performance improvement;
- implementing a robust quality assurance mechanism to enhance ongoing monitoring and drive continuous improvement of GIA practices in alignment with the Quality Assurance and Improvement Programme (QAIP); and
- enhancing oversight of subsidiaries and affiliates from an Internal Audit perspective through effective risk-based auditing, alignment with Group standards and providing adequate support to the local audit teams.

GIA is led by the Group Chief of Internal Audit who reports functionally to the BAC, while maintaining close coordination with senior management and business functions. In 2024, the Group Chief Internal Audit met with the BAC ten (10) times.

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 defence), and it provides an independent, objective assurance designed to add value and improve the effectiveness of Sharia governance, risk management and controls. The role of GISAD is to provide an independent assurance Board that the Bank, its subsidiaries and affiliates, discharge their responsibilities in relation to the implementation of the Sharia rules and principles as determined by Higher Sharia Authority (HSA), ISSC, other regulatory requirements, and SGF.

GISAD assesses the design and operating effectiveness of key controls associated with Sharia non-compliance risks and provides an opinion on the effectiveness of the control environment. 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 and the BAC. 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 ISAD met with the BAC three (3) times during 2024.

We continued to enhance and strengthen internal Sharia audit through various initiatives including but not limited to:

- continuous education support for the Department's staff 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 templates based on better practice exposure for audit programmes/reports/approaches; and
- Enhancing oversight of subsidiaries and affiliates from an Internal Sharia Audit perspective.

GISAD is led by the Head of ISAD who reports to the BAC.

General information

Statement of contributions made during 2024 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 for 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 adopt a thorough review process under the aegis of DIB's ISSC to ensure Sharia compliance prior to disbursing charitable and community supporting funds. A dedicated committee operates to verify the authenticity of requests and to ensure adherence to the requirements set out by the ISSC in such regard. Please see DIB's 2024 Sustainability Report for more information about DIB's contributions.

Related party transactions

The Board has established a Related Party Transactions Policy to ensure transparency and fairness in all dealings with related parties. This policy requires that all related party transactions be conducted at arm's length and on normal commercial terms.

All related parties must disclose their interests in any transactions involving DIB, ensuring that appropriate review and approval processes are followed. Transactions that fall outside the normal course of business require Board approval. If the transaction involves a Board member, unanimous approval from the Board is mandatory. Related party transactions are reported to the Board through the Group Compliance function.

Details of related party transactions and balances for the year 2024 are provided below. For further information, please refer to Note 43 in the financial section of the Integrated Report.

Related party	Nature	2024 AED '000	2023 AED '000
Major shareholders	Islamic financing and investing assets	1,651,379	915,233
	Investment in Sukuk	820,501	823,324
	Customers' deposits	68,649	1,474,702
	Contingent liabilities and commitments	–	–
	Income from Islamic financing and investing assets	57,294	66,846
	Income from investment in Sukuk	37,101	32,728
	Depositors' share of profits	39,202	51,566
Directors and key management personnel	Islamic financing and investing assets	451,159	318,542
	Investment in Sukuk	–	–
	Customers' deposits	470,970	417,338
	Contingent liabilities and commitments	155,953	95,786
	Income from Islamic financing and investing assets	23,567	16,590
	Income from investment in Sukuk	–	–
	Depositors' share of profits	15,585	16,460
	Salaries and other benefits	83,806	84,218
	Employee terminal benefits	2,000	2,321
Associates and joint ventures	Islamic financing and investing assets	–	14,966
	Investment in Sukuk	–	–
	Customers' deposits	324	12,390
	Contingent liabilities and commitments	–	541
	Income from Islamic financing and investing assets	–	737
	Income from investment in Sukuk	–	–
	Depositors' share of profits	–	–

General information continued

Insider trading

The Board has approved a Personal Trading Policy which sets out provisions relating to insiders, at the Board and employee levels, who engage in the trading of DIB's securities and the securities of DIB's listed group entities 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 insider trading.

Investor relations

DIB boasts a dedicated Investor Relations (IR) function led by the Head of IR and Strategic Communications, aimed at addressing the needs of the Bank's expanding shareholder and investor base and ensuring compliance with relevant regulations. Reporting to the Chief Financial Officer, the IR function supports current and potential shareholders and investors by meeting their investment needs and transparently communicating DIB's investment story and performance to the financial market.

In 2024, DIB IR organised webcasts, published presentations, and issued press releases to investors, analysts, and the media. Additionally, DIB IR participated in several domestic and international investor roadshows, presenting a unique investment story focused on the growth opportunities of DIB and the UAE. These roadshows also aided in providing updates on the Bank's current business position and the general macroeconomic environment. This information is available on the IR section of DIB's website for easy access on a user-friendly platform.

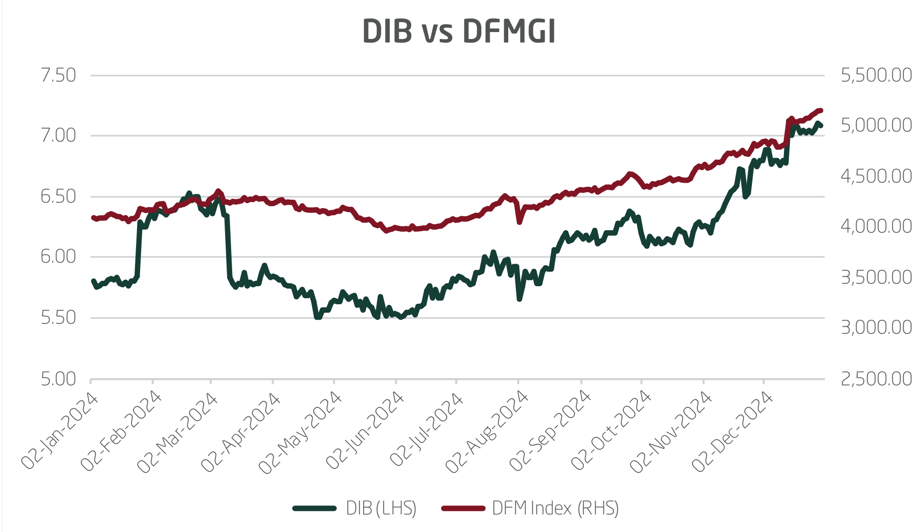
The IR section of DIB's website (dib.ae/about-us/investor-relations) offers useful information, including:

- Company information
- Investor news and events
- Financial information
- Major financial events
- Share information
- Disclosures and publications
- Contact information, including the names of the IR team (such as the Head of IR and Strategic Communications, Mr. Kashif Moosa) and the department's email for inquiries: investorrelations@dib.ae and contact number: +971 4 2075 454.

DIB also offers a dedicated mobile application (DIB Investor Relations) that allows shareholders and interested stakeholders to track its share performance, 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 2024:
The table below sets out DIB's share price in the market (closing price, highest price, and lowest price) for each month in 2024:



Date	Monthly close	Monthly low	Monthly high
31-Dec-2024	7.09	6.76	7.13
29-Nov-2024	6.80	6.20	6.80
31-Oct-2024	6.25	6.09	6.33
30-Sep-2024	6.30	6.11	6.38
30-Aug-2024	6.17	5.65	6.20
31-Jul-2024	5.85	5.75	6.04
28-Jun-2024	5.74	5.50	5.76
31-May-2024	5.52	5.71	5.50
30-Apr-2024	5.56	5.50	5.81
29-Mar-2024	5.83	5.75	6.48
29-Feb-2024	6.44	6.35	6.53
31-Jan-2024	6.32	5.75	6.37

General information continued

Shareholder ownership structure

The table below sets out the distribution of shareholder ownership as on 31 December 2024:

Shareholder category	Percentage of shares held			
	Individuals	Companies	Government	Total
Local	41%	13%	29%	83%
Arab	2%	2%	0%	4%
Foreign	1%	12%	0%	13%
Total	44%	27%	29%	100%

Pursuant to DIB's Articles of Association up to 40% of DIB's shares may be held by non-UAE Nationals.

The table below sets out the details of shareholders who own more than 5% of DIB's capital as of 31 December 2024:

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 2024:

No.	Share ownership	Number of shareholders	Number of owned shares	% Ownership
1.	Less than 50,000	17,521	164,485,017	2%
2.	From 50,000 to less than 500,000	3,481	546,472,100	8%
3.	From 500,000 to less than 5,000,000	912	1,362,474,968	19%
4.	5,000,000 and more	167	5,167,312,292	71%

Annual general meeting

The Bank's annual general meeting allows shareholders to attend (in person or through proxy) and participate in a hybrid meeting format. In 2024, shareholders were able to fully exercise all their rights to attend and participate in meetings on a real-time basis.

DIB held one (1) general meeting during 2024 as set out below:

Meeting	Date	Format	Attendance
Annual General Meeting	27 February 2024	Hybrid	Shareholders in person and virtually or by proxies representing 57.26% of the share capital of the Bank

Special Resolutions	Actions taken in 2024
The Board was authorised to:	
• Issue any senior Sukuk and/or other similar instruments which are not convertible into shares, whether under a programme or otherwise, in an aggregate outstanding face amount not exceeding USD 7.5 billion (or the equivalent thereof in other currencies)	Issued USD 1.0 billion of Senior Unsecured Sukuk in February 2024
• Issue non-convertible Tier 2 Sukuk up to an aggregate face amount not exceeding USD 1.0 billion (or the equivalent thereof in other currencies)	None Issued in 2024
• Issue additional non-convertible Tier 1 Sukuk up an aggregate face amount not exceeding USD 1.0 billion (or the equivalent thereof in other currencies)	Issued USD 500 million of Additional Tier 1 Sukuk in October 2024
• Amend and restate the Articles of Association	The amendment was published in the official gazette on 31 May 2024

The annual general meeting in respect of the financial year ended 2024 will be held in March 2025.

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

General information continued

Important events and disclosures

January 2024

- DIB announced its financial results for the financial year ended 31 December 2023, where a group net profit of AED 7.0 billion was recorded.
- DIB announced the appointment of Mr. Saeed Ahmad Abdulwahed Wajdi as the Chief of Treasury with effect from 2 January 2024.

February 2024

- DIB convened its annual general meeting and shareholders approved a 45% dividend for 2023.
- DIB announced the launch of its SHAMS Visa covered card, an innovative credit card that merges the very best benefits, complimentary services, and rewards.
- DIB announced the successful issuance of its third Sustainable Sukuk – a landmark USD 1 billion five year senior issue with a profit rate of 5.243% per annum, issued in line with DIB's Sustainable Finance Framework which was created to facilitate financing of green, social initiatives and other ESG projects.

March 2024

- DIB announced the amicable resolution and signing of an out-of-court settlement of all litigation, current and pending, between DIB and NMC Healthcare Group, and related third parties.
- DIB announced its Ramadan Move-a-Thon initiative, launched in partnership with Fitze, as a unique campaign focused on promoting a healthy lifestyle whilst simultaneously inculcating a culture of giving.

April 2024

- DIB announced its financial results for the three month period ended 31 March 2024, where a total group pre-tax net profit of AED 1.85 billion was recorded.

June 2024

- DIB transitioned to its new core banking system.
- DIB was ranked 21st amongst the Middle East's Top 100 Listed Companies 2024 by Forbes Middle East.

July 2024

- DIB announced its financial results for the six month period ended 30 June 2024, where a total group pre-tax net profit of AED 3.72 billion was recorded.
- DIB announced its pivotal role in spearheading a landmark USD 3.25 billion financing facility for GEMS Education, the largest private K-12 education provider in the world, which underscores DIB's leadership in the financial sector, particularly in structuring and underwriting significant deals that foster growth and development in key industries.
- DIB achieved significant upgrades and increases in most of its ESG scores and ratings by external agencies which indicated robust progress on the ESG agenda and significantly enhanced transparency via public disclosure.
- DIB announced the deferral of July instalments support for customers whose instalments could not be deducted on time in June during the Bank's system upgrade.

September 2024

- DIB pledged AED 15 million to support development of the Hamdan Bin Rashid Cancer Hospital, underscoring the Bank's commitment to the community's well-being and advancing healthcare infrastructure.

October 2024

- DIB announced the successful issuance of USD 500 million Additional Tier 1 Sukuk with a profit rate of 5.25% per annum.
- Fitch Ratings affirmed DIB's Long-Term Issuer Default Rating (IDR) at 'A' with a Stable Outlook. Fitch has also upgraded the Bank's Viability Rating (VR) to 'bbb-' from 'bb+', which reflects DIB's improved asset-quality metrics, stronger risk management as well as strong earnings and funding profiles. The improved VR rating demonstrates the strengthening financial and credit position of the Bank supported by improving operating conditions of the UAE.
- DIB announced the launch of ACCESS Auto Finance, a bespoke financing solution specifically tailor-made for People of Determination.
- DIB entered a strategic agreement with Dubai Department of Finance to support the advancement of the Dubai Cashless Strategy launched by the Government of Dubai through the Dubai Digital Authority. The agreement set the official frameworks for the Smart Instalment System and the pilot launch of the Biometric Payment System within the Government of Dubai. These innovative systems are designed to simplify the payment process for government transactions and services, making Dubai one of the most advanced cities in the world.

November 2024

- DIB announced its financial results for the nine month period ended 30 September 2024, where a total group pre-tax net profit of AED 6 billion was recorded.

December 2024

- DIB's collaboration with Crypto.com was announced, pursuant to which the parties have agreed to explore multiple opportunities to introduce Sharia-compliant platforms including tokenised Islamic Sukuks and real-world asset tokenisation.

General information continued

Further details on DIB's announcements to the DFM during the year 2024 are available on the DFM website 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.

DIB was also honoured with numerous awards during, details of which are available in the media centre on our website.

Board Secretary

Ms. Zeina Sammakieh was appointed as the Board Secretary starting 1 August 2024. Ms. Sammakieh has over 20 years of experience in the field of board secretariat and corporate governance. Ms. Sammakieh is a Certified Board Secretary from Hawkamah the Institute of Governance and has an MBA with Finance Emphasis from the American University of Beirut. Ms. Sammakieh is an alumnus of Harvard Business School.

The Corporate Governance Report is signed off by the Chairman of the Board, Chairs of the Board Committees, and the Heads of the internal control functions: Group Chief Compliance Officer, Group Chief Risk Officer, Group Chief of Internal Audit, Group Head of Internal Sharia Control, and Head of Internal Sharia Audit.

Chairman of the Board

BAC Chair

BRCGC Chair

BNRC Chair

BCIC Chair

BSC Chair

BPDMC Chair

Heads of the internal control functions

Group Chief Risk Officer

Group Chief Compliance Officer

Group Head of Internal Sharia Control

Group Chief of Internal Audit

Head of Internal Sharia Audit

Financial Statements

Directors' report

Dear Shareholders,

Assalamu Alaikum wa Rehmatullah wa Barakatahu.

It is with immense pride and gratitude that I address you as we celebrate a landmark year in the history of Dubai Islamic Bank (DIB) – our 50th anniversary. This milestone represents not only a moment of reflection but also a renewed commitment to pioneering excellence in Islamic finance, a journey that has seen us evolve alongside the remarkable progress of Dubai and the UAE.

As one of the most prominent Islamic financial institutions, DIB continues to set new benchmarks in innovation, sustainability, and diversification, reinforcing our commitment to creating long-term value for all stakeholders.

In 2024, DIB maintained its leadership position in Islamic finance, leveraging strategic intent and operational resilience to navigate an evolving financial landscape. Guided by our prudent strategy and risk management measures, we have successfully advanced our journey, expanded our market presence, and strengthened our ESG agenda with initiatives that align with the UAE's ambitious vision for a sustainable future.

The 2024 success story is clearly reflected in the financial results as the bank recorded the highest Group Profit (Pre-Tax) crossing the AED 9 billion mark. Further, despite stiff market competition, the bank delivered superior returns to shareholders with ROTE 22% (2023: 20%) and ROA 2.5% (2023: 2.3%), even after absorbing new Corporate Tax charge introduced in UAE in 2024.With both financing book and sukuk investments showcasing a combined growth of over 10% to reach AED 295 billion and the overall balance sheet closing at nearly AED 345 billion, the bank's growth trajectory and plans remain steadily on track for more positives in the coming years.

Key achievements of the year include the successful launch of T.O.M. Katilim, our digital bank in Turkey, which underscores DIB's commitment to global expansion and technology-driven banking solutions. Across all markets, we continue to evolve and invest in tech based innovative solutions powered by AI and advanced analytics to deliver personalized, seamless banking experiences whilst simultaneously strengthening our governance and risk frameworks.

Our accomplishments would not have been possible without the dedication of our talented team, whose unwavering commitment to our vision drives DIB's success. As we look to the future, we remain committed to nurturing a culture of excellence, inclusivity, and collaboration to unlock new opportunities and ensure sustainable growth.

Dubai Islamic Bank's golden jubilee year serves as a reminder of our legacy and is a catalyst for the next phase of our journey. Confident in our strategic direction and the enduring strength of Islamic finance, we are poised to achieve new milestones and deliver exceptional value to our shareholders, customers, and communities in 2025 and beyond.

I would also like to acknowledge the invaluable contributions of our Board of Directors, leadership team, and employees, whose unwavering commitment and innovative spirit have been the driving force behind our success. Together, we are not just building on a legacy but forging new pathways for the future of Islamic finance.

H.E. Mohammed Ibrahim Al-Shaibani
Chairman
Dubai Islamic Bank PJSC

The annual Shari'ah report

Annual Report of the Internal Shari'ah Supervision Committee for Dubai Islamic Bank PJSC for the Financial Year 2024.

Issued on: 27 January 2025
To: Shareholders of Dubai Islamic Bank PJSC ("DIB")

Pursuant to requirements stipulated in the relevant laws, regulations and standards ("the **Regulatory Requirements**"), the Internal Shari'ah Supervision Committee of the Bank ("**ISSC**") presents the ISSC's Annual Report for the financial year ending on 31 December 2024 ("**Financial Year**").

1. Responsibility of the ISSC

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

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

2. Shari'ah Standards

In accordance with the HSA's resolution (No. 18/3/2018), and with effect from 01/09/2018, the ISSC has adhered to the Shari'ah standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as minimum Shari'ah requirements, in all fatwas, approvals, endorsements and recommendations, relating to the Bank's Activities for the financial year 2024 without exception.

3. Duties Fulfilled by the ISSC During the Financial Year

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

a. Convening (17) meetings during the financial year.
b. Issuing fatwas, resolutions and opinions on matters presented to the ISSC in relation to the Bank's Activities.
c. Escalating, to the HSA Secretariat, any matters where a decision by the HSA is required.
d. Reviewing policies, procedures, accounting standards, product structures, contracts, documentation, charters, and other documentation submitted by the Bank to the ISSC for approval.
e. Ascertaining the level of compliance of allocation of expenditures and costs, and distribution of profits between investment accounts holders and shareholders with parameters set by the ISSC.
f. Supervision, through the Internal Shari'ah Control Department and the Internal Shari'ah Audit Department, of the Bank's Activities including supervision of executed transactions and adopted procedures on the basis of samples selected from executed transactions, and reviewing reports submitted in this regard.
g. Providing guidance to relevant departments in the Bank – to rectify (where possible) incidents cited in the reports prepared by internal Shari'ah Control Department and Internal Shari'ah Audit Department – and issuing resolutions with regard to forfeited income, derived from transactions in which non-compliance instances were identified, to be applied in charitable purposes.

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

The annual Shari'ah report continued

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

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

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

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

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

Signatures of members of the Internal Shari'ah Supervision Committee

Dr. Mohammad AbdulRahim Sultan Al Olama — Chairman

Ibrahim ElGari BinEid — Vice Chairman

Dr. Mohamed Akram Bin Laldin — Member

Dr. Muhammad Qaseem Muhammad Ismail — Executive Member

Zakat notice

لجنة الرقابة الشرعية الداخلية
Internal Shariah Supervision Committee

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

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

Zakat pool per share = the market value of the share at the end of the Hijri year.

Zakat per share = [Zakat pool per share x 2.5775*] – AED 0.0805**

Total Zakat due on your shares = Zakat per share x number of shares

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

Zakat per share for the Gregorian year = AED 0.0445

---

* Amount of Zakat for Hijri year is 2.5% and for Gregorian year is 2.5775%

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

Independent Auditor's report

Deloitte.

Deloitte & Touche (M.E)
Building 2, Level 3
Emaar Square
Downtown Dubai
P.O. Box 4254
Dubai
United Arab Emirates

Tel: +971 (0) 4 376 8888
Fax: +971 (0) 4 376 8899
www.deloitte.com

Independent Auditor's report

The Shareholders
Dubai Islamic Bank (P.J.S.C.)
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 PJSC** ("the Bank") **and its subsidiaries** (collectively referred as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, 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 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 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

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.

Independent Auditor's report continued

Deloitte.

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 212 billion as at 31 December 2024. The expected credit loss ("ECL") allowance was AED 6.8 billion as at this date, which comprised an allowance of AED 1.7 billion against Stage 1 and 2 exposures and an allowance of AED 5.1 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 62% 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. 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 obtained a detailed understanding of the Group's Islamic financing and investing assets business processes including the critical accounting estimates and judgments used by management. This understanding enabled us to perform audit procedures on the computation and reasonableness/appropriateness of the ECL models. We have involved our subject matter experts to assist us in auditing the relevant ECL models as at 31 December 2024. We assessed the relevant controls in the abovementioned business process to determine if they were appropriately designed and implemented. 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 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 relevant assumptions and the sufficiency of the data used by management. We assessed the Group's determination of SICR and the resultant basis for classification of exposures into various stages. For samples of exposures, we assessed the Group's staging criteria, including the basis for movement between stages. Furthermore, we evaluated post – model adjustments and management overlays. 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 assessed management's estimate of future cash flows and the resultant allowance calculations. We challenged the assumptions underlying the expected credit loss allowance calculations, such as estimated credit risk mitigation through discounted cash flows including collateral and estimates of recovery as well as considered the consistency of the Group's application of its policy for determining the ECL allowance. We also assessed the relevant disclosures in the consolidated financial statements to determine if they were in compliance with the requirements of IFRS Accounting Standards.

Independent Auditor's report continued

Deloitte.

Key audit matter	How our audit address the key audit matter
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 as issued by the IASB 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.

Independent Auditor's report continued

Deloitte.

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.

As part of an audit in accordance with ISAs, 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.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

Independent Auditor's report continued

Deloitte.

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 2024:

- 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 2024;
- 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 2024; 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 2024 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 2024.

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
11 February 2025
Dubai
United Arab Emirates

Consolidated Statement of Financial Position
As at 31 December 2024

	Note	2024 AED'000	2023 AED'000
ASSETS			
Cash and balances with central banks	7	**26,700,468**	24,019,524
Due from banks and financial institutions	8	**5,642,110**	4,483,687
Islamic financing and investing assets, net	9	**212,426,748**	199,453,349
Investment in Sukuk	10	**82,160,734**	68,172,165
Other investments measured at fair value	11	**785,404**	846,510
Investments in associates and joint ventures	12	**2,502,668**	2,431,828
Properties held for development and sale	13	**988,138**	1,050,081
Investment properties	14	**4,520,483**	5,625,224
Receivables and other assets	15	**7,081,994**	6,324,139
Property and equipment	16	**1,878,071**	1,884,996
Total assets		**344,686,818**	314,291,503
LIABILITIES AND EQUITY			
LIABILITIES			
Customers' deposits	18	**248,545,755**	222,054,207
Due to banks and financial institutions	19	**5,854,493**	12,966,965
Sukuk issued	20	**24,154,397**	20,480,977
Payables and other liabilities	21	**12,697,749**	10,863,851
Zakat payable	23	**581,545**	491,370
Total liabilities		**291,833,939**	266,857,370
EQUITY			
Share capital	24	**7,240,744**	7,240,744
Tier 1 Sukuk	25	**10,100,750**	8,264,250
Other reserves and treasury shares	26	**15,874,668**	14,784,668
Investments fair value reserve	27	**(1,267,060)**	(1,331,986)
Exchange translation reserve	28	**(2,028,690)**	(1,741,437)
Retained earnings		**19,904,386**	17,341,070
Equity attributable to owners and Sukuk-holders of the Bank		**49,824,798**	44,557,309
Non-controlling interests	17.3	**3,028,081**	2,876,824
Total equity		**52,852,879**	47,434,133
Total liabilities and equity		**344,686,818**	314,291,503

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 authorised for issue on 11 February 2025 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 2024

	Note	2024 AED'000	2023 AED'000
NET INCOME			
Income from Islamic financing and investing transactions	31	**19,453,766**	17,226,558
Commissions, fees and foreign exchange income	32	**1,748,434**	1,794,691
Income from other investments measured at fair value, net	33	**17,134**	30,926
Income from properties held for development and sale, net	34	**341,524**	237,230
Income from investment properties	35	**738,850**	343,829
Share of profit from associates and joint ventures	12.3	**485,268**	214,933
Other income	36	**556,126**	294,189
Total income		**23,341,102**	20,142,356
Less: depositors' and Sukuk-holders' share of profit	37	**(10,504,562)**	(8,477,392)
Net income		**12,836,540**	11,664,964
OPERATING EXPENSES			
Personnel expenses	38	**(1,989,055)**	(1,723,991)
General and administrative expenses	39	**(1,180,930)**	(1,232,004)
Depreciation of investment properties	14.1	**(64,840)**	(63,361)
Depreciation of property and equipment	16	**(189,978)**	(142,171)
Total operating expenses		**(3,424,803)**	(3,161,527)
Net operating income before net impairment charges and taxation		**9,411,737**	8,503,437
Impairment charges, net	40	**(406,813)**	(1,395,868)
Profit for the year before income tax expense		**9,004,924**	7,107,569
Income tax expense	22.1	**(839,886)**	(97,612)
Net profit for the year		**8,165,038**	7,009,957
Attributable to:			
Owners of the Bank		**7,934,086**	6,797,676
Non-controlling interests	17.3	**230,952**	212,281
Net profit for the year		**8,165,038**	7,009,957
Basic and diluted earnings per share (AED per share)	41	**1.04**	0.88

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 2024

	2024 AED'000	2023 AED'000
Net profit for the year	**8,165,038**	7,009,957
Other comprehensive loss items		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations, net	**(287,253)**	(175,771)
Fair value gain/(loss) on Sukuk investment, net	**7,567**	(45,296)
Items that will not be reclassified subsequently to profit or loss:		
Fair value gain/(loss) on other investments carried at FVTOCI, net	**39,233**	(238,099)
Other comprehensive loss for the year	**(240,453)**	(459,166)
Total comprehensive income for the year	**7,924,585**	6,550,791
Attributable to:		
Owners of the Bank	**7,690,366**	6,338,980
Non-controlling interests	**234,219**	211,811
Total comprehensive income for the year	**7,924,585**	6,550,791

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 2024

	Equity attributable to owners and Sukuk-holders of the Bank								
	Share capital AED'000	Tier 1 Sukuk AED'000	Other reserves and treasury shares AED'000	Investments fair value reserve AED'000	Exchange translation reserve AED'000	Retained earnings AED'000	Total AED'000	Non-controlling interests AED'000	Total equity AED'000
Balance at 1 January 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
Balance at 1 January 2024	**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**
Net profit for the year	**-**	**-**	**-**	**-**	**-**	**7,934,086**	**7,934,086**	**230,952**	**8,165,038**
Other comprehensive loss for the year	**-**	**-**	**-**	**43,533**	**(287,253)**	**-**	**(243,720)**	**3,267**	**(240,453)**
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**43,533**	**(287,253)**	**7,934,086**	**7,690,366**	**234,219**	**7,924,585**
Transaction with owners directly in equity:									
Dividend paid (note 29)	**-**	**-**	**-**	**-**	**-**	**(3,252,200)**	**(3,252,200)**	**(96,303)**	**(3,348,503)**
Zakat (note 23)	**-**	**-**	**-**	**-**	**-**	**(580,565)**	**(580,565)**	**15**	**(580,550)**
Tier 1 Sukuk profit distribution	**-**	**-**	**-**	**-**	**-**	**(404,030)**	**(404,030)**	**-**	**(404,030)**
Tier 1 Sukuk issuance	**-**	**1,836,500**	**-**	**-**	**-**	**-**	**1,836,500**	**-**	**1,836,500**
Board of Directors' remuneration	**-**	**-**	**-**	**-**	**-**	**(19,296)**	**(19,296)**	**-**	**(19,296)**
Transfer on disposal of other investments carried at FVTOCI	**-**	**-**	**-**	**21,393**	**-**	**(21,393)**	**-**	**-**	**-**
Regulatory credit risk reserve	**-**	**-**	**1,090,000**	**-**	**-**	**(1,090,000)**	**-**	**-**	**-**
Others	**-**	**-**	**-**	**-**	**-**	**(3,286)**	**(3,286)**	**13,326**	**10,040**
Balance at 31 December 2024	**7,240,744**	**10,100,750**	**15,874,668**	**(1,267,060)**	**(2,028,690)**	**19,904,386**	**49,824,798**	**3,028,081**	**52,852,879**

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 2024

	2024 AED'000	2023 AED'000
Operating activities		
Profit for the year before income tax expense	**9,004,924**	7,107,569
Adjustments for:		
Share of profit of associates and joint ventures	**(485,268)**	(214,933)
Gain from disposal of properties held for development and sale	**(341,524)**	(237,230)
Dividend income	**(17,134)**	(30,926)
Gain on sale of investments in Sukuk	**(96,657)**	(688)
Gain on disposal of property and equipment	**(82,846)**	(22)
Gain from investment properties	**(607,205)**	(222,946)
Depreciation of property and equipment	**189,978**	142,171
Depreciation of investment properties	**64,840**	63,361
Amortisation of Sukuk discount	**170**	170
Provision for employees' end-of-service benefits	**42,870**	4,224
Amortisation of intangible assets	**10,545**	67,795
Impairment charge for the year, net	**406,813**	1,395,868
Operating cash flow before changes in operating assets and liabilities	**8,089,506**	8,074,413
Increase in Islamic financing and investing assets	**(13,462,495)**	(16,187,530)
Decrease in receivables and other assets	**(55,396)**	1,065,769
Increase in customers' deposits	**26,455,865**	24,529,197
(Decrease)/increase in due to banks and other financial institutions	**(11,078,012)**	2,350,170
Increase in payables and other liabilities and zakat payable	**621,286**	483,655
Cash generated from operations	**10,570,754**	20,315,674
Employees' end-of-service benefits paid	**(23,182)**	(18,030)
Tax paid	**(146,073)**	(142,130)
Net cash generated from operating activities	**10,401,499**	20,155,514
Investing activities		
Net movement in investments in Sukuk	**(13,870,974)**	(16,305,164)
Net movement in other investments measured at fair value	**97,476**	37,959
Dividend received	**17,134**	30,926
Additions to properties held for development and sale	**(793,169)**	(298,364)
Proceeds from disposal of properties held for development and sale	**1,194,552**	955,156
Additions to investment properties	**(96,345)**	(195,301)
Proceeds from disposal of investment properties	**1,109,995**	379,347
Net movement in investments in associates and joint ventures	**120,528**	(393,322)
Additions of property and equipment, net	**(65,538)**	(216,277)
Net cash used in investing activities	**(12,286,341)**	(16,005,040)

	2024 AED'000	2023 AED'000
Financing activities		
Issuance of Sukuk	**3,673,000**	3,673,000
Payment of Sukuk	**-**	(5,509,202)
Tier 1 Sukuk issuance	**1,836,500**	–
Tier 1 Sukuk profit distribution	**(404,030)**	(404,030)
Tier 1 Sukuk issuance cost	**(3,286)**	(281)
Dividend paid	**(3,348,503)**	(2,168,133)
Net cash generated from/(used in) financing activities	**1,753,681**	(4,408,646)
Net decrease in cash and cash equivalents	**(131,161)**	(258,172)
Cash and cash equivalents at the beginning of the year	**26,614,258**	27,014,449
Effect of exchange rate changes on the balance of cash held in foreign currencies	**4,988**	(142,019)
Cash and cash equivalents at the end of the year (note 42)	**26,488,085**	26,614,258

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

Notes to the Consolidated Financial Statements
for the year ended 31 December 2024

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 2024, 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 1 Presentation of Financial Statements relating to classification of liabilities as current or non-current;
- Amendments to IFRS 16 Leases relating to lease liability in a sale and leaseback transaction;
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information; and
- IFRS S2 Climate Related Disclosures.

2.2 New and revised IFRSs in issue but not yet effective

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

New and revised IFRS	Effective for annual periods beginning on or after
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates relating to Lack of Exchangeability	01 January 2025
IFRS 18 Presentation and Disclosures in Financial Statements	01 January 2027
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 Seller sells an asset to the Purchaser, on a deferred payment basis, after purchasing the asset and obtaining possession thereof and title thereto. This sale is 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 outstanding Murabaha cost price. The Murabaha sale price is paid by the Purchaser to the Seller either through installments over the period of the Murabaha contract or as a lump sum payment, as stated in the contract.

Notes to the Consolidated Financial Statements continued

3 Definitions (continued)

3.2 Ijarah

3.2.1 Ijarah Muntahiya Biltamleek

An agreement whereby the Group (the "Lessor") leases a specific/identified 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 identifies 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 Istisna' & Forward Ijarah

Under this structure, the Bank and the customer will enter into an Istisna' Agreement for the construction/manufacturing of a fully described asset against an agreed price which is normally paid through an agreed payment schedule corresponding with different milestones of the manufacturing/construction process.
Under the Istisna' Agreement, the Customer is responsible for constructing/manufacturing the Istisna' Asset and delivering it to the Bank on an agreed future date.

In parallel, the Bank (as Lessor) and the Customer (as Lessee) will enter into a Forward Lease Agreement (Ijarah Mausoofa Fiz Zimma). Under this agreement, the Bank will lease a fully described asset to be manufactured and delivered to the Customer (Ijara Asset) on a specified future date.

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 under Istisna, the Group pays the purchase price of the Istisna' asset to the Seller either as a lumpsum in a single payment or through multiple payments throughout the construction period. Pursuant to Forward Lease Agreement, the Customer normally pays certain instalments on account of rental to the Bank before the asset is delivered by the Bank to the Customer. Once the Ijara Asset is delivered to the Customer, the amounts paid on account of rental will be adjusted against the additional rental element and treated as income of the Bank.

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.

3.3 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, when actual liquidation is not possible, Sharia allows constructive liquidation of the Musharaka as per the agreed schedule and distribution of profit based upon it. The loss, if any, is shared in proportion to the capital contribution ratios of the partners, provided the Group, in the absence of the managing partner's negligence, breach or default, 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.

Notes to the Consolidated Financial Statements continued

3 Definitions (continued)

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 based on 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, when the actual liquidation is not possible, Sharia allows constructive liquidation of the Mudaraba and distribution of profit based on 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 thereof 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 Investment 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 the 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 the Muwakkil is entitled to the entire profit generated from the Wakala. The Wakeel may be granted any excess profit 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, when actual liquidation is not possible, Sharia allows constructive liquidation of the Wakala 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 Service Agency

Under this structure, the Bank will purchase an Asset from the owner (whether it is the Customer or a third party) through a purchase agreement. Subsequently, the Bank will appoint the customer as its service agent to carry out specific Sharia-compliant services related to managing the Asset on behalf of the Bank, in exchange for a pre-agreed fee and/or incentive. Under the service agency arrangement, the Customer will collect income generated from the Asset and transfer it to the Bank in accordance with the terms of the Service Agency Agreement. Upon maturity, the Bank will sell the Asset to the Customer, pursuant to a Purchase Undertaking issued by the Customer in favour of the Bank, at an agreed-upon exercise price.

Pursuant to the Agency Agreement, the Customer will be obliged to collect income generated from the Asset and transfer the same to the Bank on each Income Payment Date.

If the Income payable to Bank on an Income Payment Date is greater than the Expected Income Amount (as agreed between the Bank and Agent), the surplus income will be kept in a reserve for the payment of future income and will be credited to the Income Reserve Account maintained by the Agent.

The Agent will be entitled to any amount available in the Income Reserve Account on the facility end date as an incentive.

The Service Agency may be terminated pursuant to the purchase of the Asset by the Agent from the Bank either by exercise under the Purchase Undertaking or under the Sale Undertaking. The Asset Purchase Agreement provided as an addendum to the Sale Undertaking and Purchases Undertaking shall be duly executed between the Customer and DIB to conclude sale of the Asset to the Customer

3.7 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 customer may appoint an agent to act on its behalf in procuring and delivering the commodities to the Group.

The Group makes profit on Salam transactions, when the Salam commodities are received from the customer and subsequently sold to a third party at profit. Salam profit is internally accounted for on a time-apportioned basis over the period of the Salam contract based on the value of the outstanding Salam commodities.

Notes to the Consolidated Financial Statements continued

3 Definitions (continued)

3.8 Istisna'

A sale contract between two parties whereby the Sani (Seller) undertakes to construct or manufacture, for the Mustasni (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 an agreed price. The work undertaken is not required to be carried out by the Seller 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 Seller to deliver the asset at the agreed time as per the agreed specifications.

Under an Istisna' contract the Group could be the Seller or the Purchaser. 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.

3.9 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, generally, represent ownership of the underlying assets by the holder with all the rights and obligations of ownership; however, it may represent usufruct, services or receivables in some cases.

3.10 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 and savings 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 initially distributed between the Bank and the Mudaraba in proportion to their respective shares in the pool. The Mudaraba Profit (if any) is then distributed between the Bank, as Mudarib, and the depositors, as Rab-ul-Maal, according to the pre-agreed profit-sharing ratio between Mudarib and Rab-ul-Maal. All Mudaraba based deposits are fully invested (except for cash reserves margins required under the central bank regulations) in the Common Pool to produce returns for them. In case where the Bank is unable to utilise all funds; including shareholders' funds, available for investment, priority is given to the funds available in the Common Pool. Rab-ul-Maal share of profit is distributed among depositors according to the weightages assigned at the inception of profit calculation period. In certain circumstances, the Mudarib may give away a portion of its share of profit to Rabb-ul-Maal as a 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 if there is any loss, bear the same, in accordance with the ratio of their investments.

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

3.10.1 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 Sharia compliant modes of financing, investments and placements. When utilising and investing funds, the Bank prioritises the funds available in the Common Pool over the shareholders' funds after meeting the regulatory requirement relating to such deposits.

Specific pools are operated for deposits accepted on Wakala basis. 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, if any. No expense of general or administrative nature is charged to the pools. 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 deducting Wakeel's fee. These weightages are declared by the Bank in compliance with the requirements of the Higher Sharia Authority of Central Bank of U.A.E. and Internal Sharia Supervision Committee.

Notes to the Consolidated Financial Statements continued

3 Definitions (continued)

3.10 Investment accounts & Relevant Asset Pools (continued)

The Bank has made all the investments in its subsidiaries and associates from the Mudaraba Pool which consists of the Mudaraba based deposits and Shareholders' funds. However, no asset is moved from one portfolio or pool to another without proper procedures as required under the ISSC approved policies and procedures.

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 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 mechanism and accounting principles/standards. There have been no 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:

Notes to the Consolidated Financial Statements continued

5 Significant accounting policies (continued)

5.1 Basis of consolidation (continued)

5.1.2 Subsidiary (continued)

- 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.

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.

Notes to the Consolidated Financial Statements continued

5 Significant accounting policies (continued)

5.1 Basis of consolidation (continued)

5.1.3 Foreign currencies (continued)

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.

5.1.4 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.

5.3.1 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.

Notes to the Consolidated Financial Statements continued

5 Significant accounting policies (continued)

5.3 Financial assets (continued)

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 realised 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.

5.3.4 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.

Notes to the Consolidated Financial Statements continued

5 Significant accounting policies (continued)

5.3 Financial assets (continued)

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 a Sharia-compliant 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.

5.3.7 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.

Notes to the Consolidated Financial Statements continued

5 Significant accounting policies (continued)

5.3 Financial assets (continued)

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.

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.

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.

Notes to the Consolidated Financial Statements continued

5 Significant accounting policies (continued)

5.3 Financial assets (continued)

5.3.9 Impairment of financial assets (continued)

Measurement of ECL (continued)

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 realisation 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.

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.

Notes to the Consolidated Financial Statements continued

5 Significant accounting policies (continued)

5.3 Financial assets (continued)

5.3.9 Impairment of financial assets (continued)

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.

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. Indicators of unlikeness to pay may include, but are not limited to, sector crisis, repeated restructuring, significant deterioration in operating assets and very high likelihood of bankruptcy.

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 based on IFRS 9 staging criteria. 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 have to be considered performing;
- The probation period of one year has passed from the date the forborne contract was considered performing; and
- Regular payments of more than an insignificant amount of principal or profit have been made during the probation period.

Notes to the Consolidated Financial Statements continued

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 amortised 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.

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.

Notes to the Consolidated Financial Statements continued

5 Significant accounting policies (continued)

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 unadjusted 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 decisions and guidance of Internal Sharia Supervision Committee of the Bank ("ISSC"). All associated returns and costs are grouped according to asset pools to provide distribution of returns and profits to depositors and investment accountholders.

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.

Notes to the Consolidated Financial Statements continued

5 Significant accounting policies (continued)

5.7 Financial liabilities (continued)

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 Sharia-compliant derivative financial instruments

A 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 Sharia-compliant derivative financial instruments to manage the exposure to profit and foreign exchange rate risks, including unilateral promise to buy/sell currencies and Sharia-compliant profit rate swap.

Sharia-compliant derivative financial instruments are initially measured at cost, being the fair value at contract date, and are subsequently re-measured at fair value. All Sharia-compliant derivatives are carried at their fair values as assets where the fair values are positive and as liabilities where the fair values are negative. Sharia-compliant 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.

Sharia-compliant 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 Sharia-compliant derivative's components using appropriate pricing or valuation models.

The method of recognising fair value gains and losses depends on whether Sharia-compliant 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 Sharia-compliant 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.

5.10 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.

Notes to the Consolidated Financial Statements continued

5 Significant accounting policies (continued)

5.11 Investments in associates and joint ventures (continued)

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 recognising 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.

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.

Notes to the Consolidated Financial Statements continued

5 Significant accounting policies (continued)

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.

5.15 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.

Notes to the Consolidated Financial Statements continued

5 Significant accounting policies (continued)

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 is 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.

5.17 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.

Notes to the Consolidated Financial Statements continued

5 Significant accounting policies (continued)

5.21 Taxation

Provision is made for current and deferred taxes for the Bank and its subsidiaries in accordance with the regulations of the respective jurisdictions.

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.

5.21.2 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 per share is computed based on "Net Asset Method" which is in accordance with the guidance of the Internal Sharia Supervision Committee.

The Zakat for the shareholders is accounted for as follows:

5.22.1 Zakat payable 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 payable by the Bank on shareholders' behalf. The ISSC issues a letter detailing and explaining the calculation of the Zakat payable by the shareholders.

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.

Notes to the Consolidated Financial Statements continued

5 Significant accounting policies (continued)

5.23 Revenue recognition (continued)

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 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 recognised 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 recognises revenue from operating leases on a straight line basis over the lease term.

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 account 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 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 only after 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 utilised 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.

Notes to the Consolidated Financial Statements continued

5 Significant accounting policies (continued)

5.27 Lease (continued)

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 Sharia-compliant 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 Sharia-compliant derivative financial instruments are summarised as follows:

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 summarises key macroeconomic indicators included in the economic scenarios for the years ending 2024 to 2027:

Macro-economic variable	Scenario	2024	2025	2026	2027
Real Government Consumption Expenditure, (AED,bln)	Baseline	**145.45**	153.16	160.25	164.27
	Upside	**145.45**	153.86	165.04	171.32
	Downside	**144.18**	146.51	152.23	154.73
Real Imports of Goods and Services, (AED,bln)	Baseline	**1,617.01**	1,677.88	1,752.57	1,815.84
	Upside	**1,619.89**	1,705.15	1,811.3	1,897.47
	Downside	**1,573.44**	1,483.91	1,558.64	1,609.73
Real House Price Index, Real, (Index 2010=100)	Baseline	**131.59**	138.28	144.16	152.63
	Upside	**132.67**	143.82	151.11	159.9
	Downside	**125.56**	112.9	112.66	120.72
Residential properties – Abu Dhabi and Dubai, (Index 2010=100)	Baseline	**145.65**	157.2	168.27	183.04
	Upside	**147.07**	164.7	177.38	192.38
	Downside	**138.16**	123.91	128.03	142.6
Total Consumer Price Index, (Index 2021=100)	Baseline	**109.25**	111.37	113.37	115.4
	Upside	**109.29**	111.58	113.64	115.68
	Downside	**108.91**	110.02	111.44	113.61
Real Gross Domestic Product, (AED, bln)	Baseline	**1,761.1**	1,827.17	1,892.59	1,965.43
	Upside	**1,775.2**	1,884.34	1,953.91	2,029.11
	Downside	**1,737.55**	1,692.67	1,749.32	1,851.12
General Government Finance: Expenditure, (AED, bln)	Baseline	**482.36**	533.07	550.74	544.91
	Upside	**482.36**	553.27	593.44	582.46
	Downside	**482.36**	501.26	471.82	460.05
National Accounts: Real Exports of Goods and Services, (AED, bln)	Baseline	**1,702.57**	1,765.85	1,842.68	1,923.25
	Upside	**1,703.9**	1,790.12	1,888.65	1,988.34
	Downside	**1,656.69**	1,601.91	1,667.69	1,743.66

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.

Notes to the Consolidated Financial Statements continued

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

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.

6.4 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.

Notes to the Consolidated Financial Statements continued

7 Cash and balances with central banks

7.1 Analysis by category

	Note	2024 AED'000	2023 AED'000
Cash on hand		**1,999,306**	2,221,457
Balances with central banks:			
Balances and reserve requirements with central banks	7.3	**17,688,630**	14,778,975
Certificates of deposits with the Central Bank of the U.A.E.		**7,012,532**	7,019,092
Total		**26,700,468**	24,019,524

Balances with Central Banks are at stage 1 at 31 December 2024 and 31 December 2023.

7.2 Analysis by geography

	2024 AED'000	2023 AED'000
Within the U.A.E.	**26,254,870**	23,635,019
Outside the U.A.E.	**445,598**	384,505
Total	**26,700,468**	24,019,524

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

	2024 AED'000	2023 AED'000
Current accounts	**1,954,571**	1,056,596
Wakala deposits	**1,137,577**	1,145,869
Treasury Placement (Commodity Murabaha) – short term	**2,552,880**	2,284,140
Less: Provision for impairment	**(2,918)**	(2,918)
Total	**5,642,110**	4,483,687

8.2 Analysis by geography

	2024 AED'000	2023 AED'000
Within the U.A.E.	**3,096,242**	2,723,763
Outside the U.A.E.	**2,545,868**	1,759,924
Total	**5,642,110**	4,483,687

Due from banks and financial institutions are at stage 1 at 31 December 2024 and 31 December 2023.

9 Islamic financing and investing assets, net

9.1 Analysis by category

	Note	2024 AED'000	2023 AED'000
Islamic financing assets			
Vehicles Murabaha		**13,204,627**	10,760,560
Commodity Murabaha – long term		**64,368,770**	47,071,933
Other Murabaha		**3,388,585**	3,366,507
Total Murabaha		**80,961,982**	61,199,000
Ijarah		**36,352,657**	45,465,735
Home Finance Ijarah		**27,132,738**	23,855,536
Personal Finance		**24,423,117**	22,859,191
Istisna' & Forward Ijarah		**594,000**	629,847
Credit/covered cards		**3,611,172**	2,795,577
		173,075,666	156,804,886
Less: deferred income		**(4,847,735)**	(4,471,726)
Total Islamic financing assets		**168,227,931**	152,333,160
Islamic investing assets			
Musharaka		**4,375,147**	5,066,390
Mudaraba		**8,188,545**	8,241,349
Wakala		**38,395,817**	42,715,084
Total Islamic investing assets		**50,959,509**	56,022,823
Total Islamic financing and investing assets		**219,187,440**	208,355,983
Less: provisions for impairment	9.3	**(6,760,692)**	(8,902,634)
Total Islamic financing and investing assets, net		**212,426,748**	199,453,349

The financing balance includes an amount of AED 275 million (2023: AED Nil) carried at fair value through profit or loss.

Notes to the Consolidated Financial Statements continued

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 2024

	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	**74,317,439**	**-**	**-**	**-**	**74,317,439**	**24,712**	**-**	**-**	**-**	**24,712**
Moderate	**115,371,255**	**6,517,540**	**-**	**-**	**121,888,795**	**588,220**	**525,398**	**-**	**-**	**1,113,618**
Fair	**9,478,119**	**4,364,961**	**-**	**-**	**13,843,080**	**178,747**	**320,766**	**-**	**-**	**499,513**
Default	**-**	**-**	**8,606,826**	**531,300**	**9,138,126**	**-**	**-**	**4,832,180**	**290,669**	**5,122,849**
Total	**199,166,813**	**10,882,501**	**8,606,826**	**531,300**	**219,187,440**	**791,679**	**846,164**	**4,832,180**	**290,669**	**6,760,692**

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

Notes to the Consolidated Financial Statements continued

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:

2024	**Note**	**Stage 1 AED'000**	**Stage 2 AED'000**	**Stage 3 AED'000**	**A POCI AED'000**	**Total AED'000**
Balance at 1 January		**950,721**	**1,273,964**	**6,393,479**	**284,470**	**8,902,634**
Impairment charge during the year, net	40	**187,441**	**(124,672)**	**345,144**	**(490)**	**407,423**
Transfer to other stages		**(403,000)**	**(110,684)**	**513,684**	**-**	**-**
Write off		**-**	**-**	**(2,724,530)**	**-**	**(2,724,530)**
Exchange and other adjustments		**56,517**	**(192,444)**	**304,403**	**6,689**	**175,165**
Balance at 31 December		**791,679**	**846,164**	**4,832,180**	**290,669**	**6,760,692**

2023	Note	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	A 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

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:

	2024 AED'000	2023 AED'000
Properties and mortgages	**61,456,224**	70,821,999
Deposits and shares	**4,008,572**	5,487,667
Movable assets	**14,661,720**	15,966,862
Government and financial guarantees	**977,004**	682,915

The estimated fair value of collaterals that the Group holds relating to facilities individually determined to be impaired at 31 December 2024 amounts to AED 8.1 billion (2023: AED 8.0 billion).

During the year ended 31 December 2024, the Group took possession of various underlying assets, primarily vehicles and residential mortgage properties. The Group has sold repossessed assets amounting to AED 25.0 million (2023: AED 26.4 million) and acquired the properties amounting to AED 120.6 million (2023: AED 633.7 million) which has been adjusted against the outstanding receivables.

Notes to the Consolidated Financial Statements continued

9 Islamic financing and investing assets, net (continued)

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
2024			
Government	**21,662,606**	**8,626,758**	**30,289,364**
Financial institutions	**3,454,333**	**2,415,604**	**5,869,937**
Real estate	**27,910,666**	**260,677**	**28,171,343**
Contracting	**1,916,417**	**951,396**	**2,867,813**
Trade	**7,436,293**	**287,088**	**7,723,381**
Aviation	**14,222,054**	**38,857**	**14,260,911**
Services and others	**50,851,478**	**14,504,738**	**65,356,216**
Consumer financing	**36,926,413**	**270,402**	**37,196,815**
Consumer home finance	**27,195,110**	**256,550**	**27,451,660**
	191,575,370	**27,612,070**	**219,187,440**
Less: provision for impairment			**(6,760,692)**
Total			**212,426,748**
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

10 Investments in Sukuk

10.1 Analysis by geography

	2024 AED'000	2023 AED'000
Within the U.A.E.	**27,892,209**	24,102,431
Other G.C.C. Countries	**31,954,242**	26,918,472
Rest of the World	**22,625,532**	17,452,707
	82,471,983	68,473,610
Less: provision for impairment	**(311,249)**	(301,445)
Total	**82,160,734**	68,172,165

10.2 Analysis by economic sector

	2024 AED'000	2023 AED'000
Government	**57,108,784**	48,747,667
Financial institutions	**8,149,033**	5,558,888
Real estate	**3,227,270**	3,491,081
Aviation	**432,920**	462,294
Services and others	**13,553,976**	10,213,680
	82,471,983	68,473,610
Less: provision for impairment	**(311,249)**	(301,445)
Total	**82,160,734**	68,172,165

Investments in Sukuk within the U.A.E. include investments in bilateral Sukuk amounting to AED 4.7 billion as at 31 December 2024 (2023: AED 4.7 billion). Investment in Sukuk include an amount of AED 0.22 billion (2023: AED 0.22 billion) which is measured at fair value through other comprehensive income.

Investment in Sukuk classified at stage 2 and stage 3 at 31 December 2024 amounts to AED Nil million (31 December 2023: AED 1,265.0 million) and AED 27.9 million (31 December 2023: AED 72.9 million) respectively.

Notes to the Consolidated Financial Statements continued

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 2024				
Investments measured at fair value through other comprehensive income				
Quoted equity instruments	**172,626**	**16,518**	**21,275**	**210,419**
Unquoted equity instruments	**144,297**	**24,098**	**406,590**	**574,985**
Total	**316,923**	**40,616**	**427,865**	**785,404**
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

During the year ended 31 December 2024, dividends received from investments measured at fair value through other comprehensive income amounting to AED 17.1 million (2023: AED 30.9 million) were recognised in the consolidated statement of profit or loss (note 33).

During the year ended 31 December 2024, the Group did not purchase any shares (2023: AED Nil).

11.2 Analysis by economic sector

	2024 AED'000	2023 AED'000
Services and others	**218,282**	246,471
Financial institutions	**428,503**	429,286
Real estate	**138,619**	170,753
Total	**785,404**	846,510

12 Investments in associates and joint ventures

12.1 Analysis of carrying value

	2024 AED'000	2023 AED'000
Balance at 1 January	**2,431,828**	1,948,841
Addition	**32,015**	404,422
Dividend received	**(152,543)**	(61,100)
Share of profit	**485,268**	214,933
Others	**(293,900)**	(75,268)
Balance at 31 December	**2,502,668**	2,431,828

12.2 Analysis by geography

	2024 AED'000	2023 AED'000
Within the U.A.E.	**1,351,532**	1,405,959
Other G.C.C. Countries	**45,092**	44,035
Rest of the world	**1,106,044**	981,834
Total	**2,502,668**	2,431,828

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

	2024 AED'000	2023 AED'000
The Group's share of profit for the year	**485,268**	214,933
The Group's share of other comprehensive income/(loss) for the year	**-**	-
The Group's share of total comprehensive income for the year	**485,268**	214,933

Notes to the Consolidated Financial Statements continued

12 Investments in associates and joint ventures (continued)

12.4 List of associates and joint ventures

	Name of associate or joint venture	Principal activity	Place of incorporation	Effective Percentage holding 2024	2023
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.	Arady Development LLC	Property development	U.A.E.	**22.5%**	22.5%
8.	T.O.M. Katilim Bankasi Anonim Sirketi	Financial services	Turkey	**20.0%**	20.0%
9.	T.O.M. Pay Elektronik Para Ve Odeme Hizmetleri Anonim Sirketi	Financial services	Turkey	**20.0%**	20.0%
10.	T.O.M. Finansman Anonim Sirketi	Financial services	Turkey	**20.0%**	20.0%

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

12.5 Material associates and joint ventures

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

	2024 AED'000	2023 AED'000
Arady Development LLC		
Statement of financial position		
Assets	**1,262,568**	1,360,582
Liabilities	**70,792**	54,950
Net assets	**1,191,776**	1,305,632
Carrying amount of Group's interest	**962,841**	971,616
Statement of Comprehensive income		
Revenue	**209,522**	241,984
Net profit	**129,455**	93,262

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 2024		**275,928**	**303,108**	**471,045**	**1,050,081**
Additions		**16,889**	**603,118**	**173,162**	**793,169**
Disposals	34	**(113,134)**	**(739,894)**	**-**	**(853,028)**
Reclassification		**-**	**95,368**	**(95,368)**	**-**
Transfers		**(2,955)**	**-**	**-**	**(2,955)**
Exchange and others		**871**	**-**	**-**	**871**
Balance at 31 December 2024		**177,599**	**261,700**	**548,839**	**988,138**
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)
Reclassification		242,690	(25,559)	(217,131)	–
Transfers		(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

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

Notes to the Consolidated Financial Statements continued

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 2024	**3,323,672**	**1,223,966**	**1,864,696**	**6,412,334**
Additions	**-**	**-**	**96,345**	**96,345**
Disposal	**(950,683)**	**-**	**(526,034)**	**(1,476,717)**
Transfers *	**119,595**	**-**	**970**	**120,565**
Reclassification	**4,560**	**-**	**-**	**4,560**
Balance at 31 December 2024	**2,497,144**	**1,223,966**	**1,435,977**	**5,157,087**
Accumulated depreciation and impairment:				
Balance at 1 January 2024	**683,723**	**-**	**103,387**	**787,110**
Depreciation charged for the year	**64,840**	**-**	**-**	**64,840**
Disposal	**(95,869)**	**-**	**-**	**(95,869)**
Impairment	**(42,091)**	**-**	**(77,386)**	**(119,477)**
Balance at 31 December 2024	**610,603**	**-**	**26,001**	**636,604**
Carrying amount at 31 December 2024	**1,886,541**	**1,223,966**	**1,409,976**	**4,520,483**
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

* Transfer to investment properties include properties acquired in settlement of Islamic financing and investing assets amounting to AED 120.6 million (2023: AED 633.7 million).

14.2 Analysis by geography

	Other real estate AED'000	Investment properties under construction AED'000	Land AED'000	Total AED'000
2024				
Carrying amount at 31 December:				
Within the U.A.E.	**1,886,393**	**1,223,966**	**1,357,275**	**4,467,634**
Outside the U.A.E.	**148**	**-**	**52,701**	**52,849**
Total carrying amount	**1,886,541**	**1,223,966**	**1,409,976**	**4,520,483**
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

14.3 Fair value of investment properties

The fair value of the Group's investment properties as at 31 December 2024 is AED 5.6 billion (2023: 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 2024. 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.

Notes to the Consolidated Financial Statements continued

15 Receivables and other assets

15.1 Analysis by category

	Note	2024 AED'000	2023 AED'000
Receivables on sale of investment properties, net	15.1.1	**187,473**	283,819
Due from customers	15.1.2	**201,321**	148,106
Acceptances		**934,213**	1,027,862
Prepaid expenses		**102,050**	105,704
Fair value of Sharia-compliant derivatives	45.1	**1,001,705**	1,171,475
Deferred tax asset	22.3	**126,997**	84,495
Right of use asset		**196,337**	120,574
Intangible assets	15.1.3	**5,273**	15,818
Others		**4,326,625**	3,366,286
Total		**7,081,994**	6,324,139

15.1.1 Receivables on sale of investment properties, net

The Bank 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 2024. The arrangement has been extended to 30 June 2025 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 2024 (2023: 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 297.0 million (2023: AED 421.3 million). The Group does not hold any collateral against these accounts.

15.1.3 Intangible assets

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

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 2024	**1,540,181**	**274,179**	**1,232,879**	**610,474**	**3,657,713**
Additions	**12,198**	**16,734**	**4,374**	**263,721**	**297,027**
Disposals	**(212,054)**	**(7,512)**	**(5,249)**	**-**	**(224,815)**
Transfers	**283,229**	**112,780**	**241,224**	**(637,233)**	**-**
Write off	**(820)**	**-**	**-**	**-**	**(820)**
Exchange and others	**3,254**	**1,379**	**5,427**	**1,781**	**11,841**
Balance at 31 December 2024	**1,625,988**	**397,560**	**1,478,655**	**238,743**	**3,740,946**
Accumulated depreciation:					
Balance at 1 January 2024	**571,196**	**268,687**	**932,834**	**-**	**1,772,717**
Charge for the year	**41,047**	**24,202**	**124,729**	**-**	**189,978**
Disposals	**(93,202)**	**(6,710)**	**(5,221)**	**-**	**(105,133)**
Write-off	**(820)**	**-**	**-**	**-**	**(820)**
Exchange and others	**1,095**	**1,247**	**3,791**	**-**	**6,133**
Balance at 31 December 2024	**519,316**	**287,426**	**1,056,133**	**-**	**1,862,875**
Carrying amount					
Balance at 31 December 2024	**1,106,672**	**110,134**	**422,522**	**238,743**	**1,878,071**
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 adjustments	(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

Notes to the Consolidated Financial Statements continued

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 2024	2023
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.	**100.0%**	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.	**100.0%**	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%
13.	Dubai Islamic Bank Printing Press L.L.C.	Printing	U.A.E.	**100.0%**	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%
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.	**100.0%**	99.0%

(b) The equity interest in the entities 5, 8, 13 and 17 which was beneficially held by the Bank through nominee arrangements has been transferred to the direct ownership of the Bank during the year.

(c) The Bank has ceased the operations for entity 5 and plans to liquidate this entity.

17.2 List of Special Purpose Vehicles ("SPV")

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

	Name of SPV	Principal activity	Place of incorporation and operation	Ownership interest and voting power 2024	2023
18.	HoldInvest Real Estate Sarl	Investments	Luxembourg	**-**	100.0%
19.	France Invest Real Estate SAS	Investments	France	**-**	100.0%
20.	Al Islami Trade Company Limited	Investments	U.A.E.	**100.0%**	100.0%
21.	Levant One Investment Limited	Investments	U.A.E.	**-**	100.0%
22.	Deyaar Investments LLC	Investments	U.A.E.	**Controlling Interest**	Controlling Interest
23.	Deyaar Funds LLC	Investments	U.A.E.	**Controlling Interest**	Controlling Interest
24.	Sequia Investments L.L.C.	Investments	U.A.E.	**100.0%**	100.0%
25.	Blue Nile Investments L.L.C.	Investments	U.A.E.	**-**	100.0%
26.	DIB FM Ltd	Investments	Cayman Islands	**100.0%**	100.0%
27.	Noor Sukuk Company Limited	Investments	Cayman Islands	**-**	100.0%
28.	Star Digital Investments SPV Limited	Investments	U.A.E	**100.0%**	100.0%

(e) In addition to the registered ownership described above, the remaining equity in the entities 22 and 23 are also beneficially held by the Bank through nominee arrangements.

(f) The entities 12, 15, 18, 19, 21, 25 and 27 have been liquidated during the year.

Notes to the Consolidated Financial Statements continued

17 Subsidiaries (continued)

17.3 Non-controlling interests

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

	Proportion of ownership interests and voting rights held by the non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
Name of subsidiary	**2024 AED'000**	2023 AED'000	**2024 AED'000**	2023 AED'000	**2024 AED'000**	2023 AED'000
1 Tamweel P.S.C.	**8.0%**	8.0%	**16,421**	5,582	**205,882**	189,446
2 Deyaar Development P.J.S.C.	**55.0%**	55.0%	**214,531**	206,699	**2,822,199**	2,687,378
Total				212,281	**3,028,081**	2,876,824

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 2024 AED'000	31 December 2023 AED'000
Statement of financial position		
Islamic financing and investing assets, net	**465,328**	683,272
Receivable and other assets	**2,735,844**	2,299,175
Total assets	**3,201,172**	2,982,447
Payable and other liabilities	**67,567**	75,891
Total liabilities	**67,567**	75,891
Net assets	**3,133,605**	2,906,556

	2024 AED' 000	2023 AED' 000
Statement of comprehensive income		
Total revenue	**251,545**	162,621
Total operating expenses	**(82,533)**	(94,696)
Impairment release	**57,427**	5,433
Tax charge	**(15,794)**	–
Net profit for the year	**210,646**	73,358
Other comprehensive income	**16,388**	239
Total comprehensive income	**227,034**	73,597
Statement of cash flows		
Net cash flows generated from operating activities	**99,662**	366,389
Net cash flows generated from investing activities	**426,617**	124,855
Net cash flows during the year	**526,279**	491,244

17.4.2 Deyaar Development P.J.S.C

	31 December 2024 AED'000	31 December 2023 AED'000
Statement of financial position		
Investment in associates and joint ventures	**1,311,162**	1,367,028
Properties held for development and sale	**956,082**	1,018,736
Investment properties	**793,180**	799,489
Receivables and other assets	**1,321,953**	1,438,287
Other	**2,411,157**	1,888,204
Total assets	**6,793,534**	6,511,744
Due to banks and financial institutions	**472,300**	644,005
Payables and other liabilities	**1,164,349**	983,373
Total liabilities	**1,636,649**	1,627,378
Net assets	**5,156,885**	4,884,366

Notes to the Consolidated Financial Statements continued

17 Subsidiaries (continued)

17.3 Non-controlling interests (continued)

17.4.2 Deyaar Development P.J.S.C (continued)

	2024 AED'000	2023 AED'000
Statement of comprehensive income		
Total income	**595,851**	474,265
Total expenses	**(231,242)**	(100,847)
Depositors' share of profit	**(42,976)**	(59,500)
Share of profit from associates and joint ventures	**92,131**	61,762
Tax charge	**(23,849)**	–
Profit for the year	**389,915**	375,680
Other comprehensive loss	**(4,393)**	(4,964)
Total comprehensive income	**385,522**	370,716
Statement of cash flows		
Net cash flows generated from operating activities	**577,953**	673,669
Net cash flows used in investing activities	**(1,297,132)**	(44,070)
Net cash flows used in financing activities	**(217,401)**	(355,367)
Net cash flows during the year	**(936,580)**	274,232

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

18 Customers' deposits

18.1 Analysis by category

	Note	2024 AED'000	2023 AED'000
Current accounts		**40,812,670**	40,936,163
Saving accounts		**53,121,280**	40,382,186
Investment deposits (Term deposits based on Mudaraba and Wakala)		**153,945,440**	140,219,713
Margin accounts		**390,912**	434,223
Depositors' investment risk reserve	18.3	**20,954**	18,940
Depositors' share of profit payable	18.4	**254,499**	62,982
Total		**248,545,755**	222,054,207

18.2 Analysis by geography

	2024 AED'000	2023 AED'000
Within the U.A.E.	**241,793,085**	214,737,070
Outside the U.A.E.	**6,752,670**	7,317,137
Total	**248,545,755**	222,054,207

18.3 Depositors' investment risk reserve

Depositors' investment risk reserve represents a portion of the depositors' share of profits set aside as a reserve and earns profit from periodic distribution from the common pool. 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 amount appropriated by the Bank out of the income of investment account holders after the Mudarib share is allocated. This reserve is used as a cushion against future losses that investment account holders may incur and is available for the benefit of all the categories of the depositors.

Movement of depositors' investment risk reserve is as follows:

	Note	2024 AED'000	2023 AED'000
Balance at 1 January		**18,940**	19,253
Zakat for the year	23	**(554)**	(501)
Net transfer from depositors' share of profit during the year	18.4	**2,568**	188
Balance at 31 December		**20,954**	18,940

18.4 Depositors' share of profit payable

	Note	2024 AED'000	2023 AED'000
Balance at 1 January		**62,982**	79,662
Depositors' share of profit for the year	37	**1,567,153**	1,009,948
Net transfer to depositors' investment risk reserve	18.3	**(2,568)**	(188)
Less: amount paid during the year		**(1,373,068)**	(1,026,440)
Balance at 31 December		**254,499**	62,982

Notes to the Consolidated Financial Statements continued

19 Due to banks and financial institutions

19.1 Analysis by category

	2024 AED' 000	2023 AED' 000
Current accounts with banks	**58,222**	79,607
Investment deposits (Term deposits based on Mudaraba)	**5,796,271**	12,887,358
Total	**5,854,493**	12,966,965

Investment deposits include deposits of AED 1.3 billion (2023: AED 7.2 billion) under collateralised commodity Murabaha arrangement from banks and financial institutions.

19.2 Analysis by geography

	2024 AED' 000	2023 AED' 000
Within the U.A.E.	**3,967,414**	10,481,967
Outside the U.A.E.	**1,887,079**	2,484,998
Total	**5,854,493**	12,966,965

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	2024 AED' 000	2023 AED' 000
Listed Sukuk - Irish Stock Exchange/Nasdaq Dubai				
Sukuk issued by the Bank	2.95%	February 2025	**2,754,572**	2,753,269
Sukuk issued by the Bank	2.95%	January 2026	**4,776,077**	4,777,210
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**	3,673,000
Sukuk issued by the Bank	5.24%	March 2029	**3,673,000**	–
Private placement				
Sukuk issued by a subsidiary	6M Kibor + 70 bps	December 2032	**53,415**	53,313
Sukuk issued by a subsidiary	3M Kibor + 175 bps	December 2028	**41,833**	41,685
Total			**24,154,397**	20,480,977

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.

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 53.4 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 41.8 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	2024 AED'000	2023 AED'000
Sundry deposits and amanat		**1,606,674**	1,705,884
Acceptances payable		**934,213**	1,027,862
Depositors' and Sukuk holders' share of profit payable	21.2	**1,993,744**	2,012,021
Provision for employees' end-of-service benefits	21.3	**275,944**	256,256
Fair value of Sharia-compliant derivative liabilities	45.1	**969,806**	1,057,385
Provision for taxation	22.1	**730,669**	6,696
Lease liability		**211,755**	128,336
Others		**5,974,944**	4,669,411
Total		**12,697,749**	10,863,851

Notes to the Consolidated Financial Statements continued

21 Payables and other liabilities (continued)

21.2 Depositors' and Sukuk-holders share of profit payable

	Note	2024 AED'000	2023 AED'000
Balance at 1 January		**2,012,021**	1,198,309
Wakala and other investment deposits from banks and customers	37	**8,050,682**	6,723,913
Sukuk-holders' accrued/realised profit on Sukuk issued	37	**886,727**	743,531
Paid during the year		**(8,955,686)**	(6,653,732)
Balance at 31 December		**1,993,744**	2,012,021

21.3 Provision for employees' end-of-service benefits

	Notwe	2024 AED'000	2023 AED'000
Balance at 1 January		**256,256**	270,062
Charged during the year	38	**42,870**	4,224
Paid during the year		**(23,182)**	(18,030)
Balance at 31 December		**275,944**	256,256

22 Taxation

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 became effective for accounting periods beginning on or after 1 June 2023.

As the Group's accounting year ends on 31 December, the first tax year for the Group for UAE Tax purposes is from 1 January 2024 to 31 December 2024, with the first return to be filed on or before 30 September 2025.

The taxable income of the entities that are in scope for UAE CT purposes will be subject to tax at 9% for the year ended 31 December 2024. The UAE CT Law provides for certain transitional rules and gives choices for irrevocable elections regarding the treatment to be followed for calculation of taxable income.

The effective tax rate (ETR) for the year ended 31 December 2024 is 9.3 % (2023: 1.37%). The deviation from the statutory tax rate is primarily driven by the geographical mix and partly offset by certain exempt income and exempt gains under the CT Law in the UAE.

Aligning with the OECD's Global Minimum Tax effort (Pillar Two), the UAE MoF has announced certain amendments to the CT Law introducing a Domestic Minimum Top-Up Tax of 15% for Multinational Enterprises (MNEs) with effect from financial years starting on or after 1st Jan 2025. The Group is within the scope of Pillar Two legislation and as such is subject to the Pillar Two rules.

Since the Pillar Two legislation was not effective at the reporting date in the UAE, the group has no related current tax exposure in the financial year ended 31 December 2024. The impact of the Top-up tax for the financial year 2025 can only be quantified once the detailed legislation and guidance is issued by the UAE MoF.

The entities within the Group operating in jurisdictions which have already implemented the Pillar Two rules for the financial year ended 31 December 2024 are dormant entities. As such, no Pillar Two Top-up tax liability is expected to arise for the year ended 31 December 2024, though there will be a filing obligation in those jurisdictions. For the financial year ended 31 December 2024, the Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023. The Group will continue to monitor the expected updates on the Pillar Two legislation in 2025 and assess the impact for the Group.

22.1 Income tax expense

	Note	2024 AED'000	2023 AED'000
Current taxation	22.2	**871,277**	133,416
Deferred taxation	22.3	**(31,391)**	(35,804)
Total		**839,886**	97,612

22.2 Provision for taxation

	Note	2024 AED'000	2023 AED'000
Balance at 1 January		**6,696**	19,076
Charged during the year	22.1	**871,277**	133,416
Paid during the year		**(146,073)**	(142,130)
Foreign exchange effect		**(1,231)**	(3,666)
Balance at 31 December		**730,669**	6,696

Notes to the Consolidated Financial Statements continued

22 Taxation (continued)

22.3 Deferred tax asset

	Note	2024 AED'000	2023 AED'000
Balance at 1 January		**84,495**	57,871
Charged during the year	22.1	**31,391**	35,804
Foreign exchange effect and others		**11,111**	(9,180)
Balance at 31 December		**126,997**	84,495

23 Zakat payable

	Note	2024 AED'000	2023 AED'000
Zakat charged to equity attributable to shareholders of the Bank		**581,036**	490,905
Zakat accounted and paid by investees		**(45)**	(36)
Shareholders' Zakat for the year payable by the Bank		**580,991**	490,869
Zakat adjustment related to previous years		**(426)**	1,677
Net Zakat payable by the Bank on shareholders' behalf		**580,565**	492,546
Zakat on depositors' investment risk reserve	18.3	**554**	501
Zakat adjusted/paid for previous years		**426**	(1,677)
Total Zakat payable		**581,545**	491,370

24 Share capital

As at 31 December 2024, 7,240,744,377 authorised ordinary shares of AED 1 each (2023: 7,240,744,377 ordinary shares of AED 1 each) were fully issued and paid up.

25 Tier 1 Sukuk

				Issuance amount Equivalent AED'000	
SPV ("the Issuer")	Date of issuance	Discretionary profit rate	Callable period	**31 December 2024**	31 December 2023
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
DIB Tier 1 Sukuk (6) Limited	October 2024	5.25% per annum paid semi-annually	On or after April 2030	**1,836,500**	–
				10,100,750	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.

Notes to the Consolidated Financial Statements continued

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 2024 and 2023 is as follows:

	Statutory reserve AED'000	General reserve AED'000	Regulatory credit risk reserve AED'000	Treasury shares AED'000	Total AED'000
2024					
Balance at 1 January 2024	**11,465,984**	**2,350,000**	**1,000,000**	**(31,316)**	**14,784,668**
Transfer from retained earnings	**-**	**-**	**1,090,000**	**-**	**1,090,000**
Balance at 31 December 2024	**11,465,984**	**2,350,000**	**2,090,000**	**(31,316)**	**15,874,668**
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

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

Per the new credit risk management standards (CRMS) issued by CBUAE, Banks must ensure that the total provision corresponding to all Stage 1 and Stage 2 exposures is not less than the required percentage of Credit Risk weighted assets as computed under the CBUAE capital regulations. Where the collective provisions held are lower, the shortfall may be held in a dedicated non-distributable balance sheet reserve called the 'impairment reserve-general'. The amount held in the impairment reserve-general must be deducted from the capital base (Tier 1 capital for Banks) when computing the regulatory capital.

Non-Distributable impairment reserve - general	2024 AED'000	2023 AED'000
Minimum provision for Stage 1 & 2 as per CBUAE requirements	**4,095,593**	3,983,732
Less: Stage 1 and 2 impairment provision taken against income	**2,034,408**	2,585,163
Shortfall in stage 1 & 2 provision to meet minimum CBUAE requirement	**2,061,185**	1,398,569
Balance of Regulatory credit risk reserve – general as at January 1, 2024	**1,000,000**	402,614
Add: Non-distributable reserve during the year (Impairment reserve-general)	**1,090,000**	1,000,000
Balance of Regulatory credit risk reserve - general as at 31 December 2024	**2,090,000**	1,402,614

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 (2023: 13,633,477 shares) amounting to AED 31.3 million (2023: AED 31.3 million).

27 Investments fair value reserve

	2024 AED'000	2023 AED'000
Balance at 1 January	**(1,331,986)**	(1,062,927)
Fair value loss on other investments at FVTOCI, net	**43,533**	(282,925)
Transfer to retained earnings on disposal of investments carried at FVTOCI	**21,393**	13,866
Balance at 31 December	**(1,267,060)**	(1,331,986)

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.

Notes to the Consolidated Financial Statements continued

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 11 February 2025.

For the year ended 31 December 2023, the shareholders approved a cash dividend of AED 0.45 per share (AED 3,252.2 million) at the Annual General Meeting held on 27 February 2024.

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 2024 and 2023 is as follows:

30 Contingent liabilities and commitments (continued)

	2024 AED' 000	2023 AED' 000
Contingent liabilities and commitments:		
Letters of guarantee	**10,021,268**	9,905,827
Letters of credit	**1,771,153**	1,637,773
Undrawn facilities commitments	**19,552,029**	17,054,515
Total contingent liabilities and commitments	**31,344,450**	28,598,115
Other commitments:		
Capital expenditure and commitments	**1,494,767**	1,066,433
Total other commitments	**1,494,767**	1,066,433
Total contingent liabilities and commitments	**32,839,217**	29,664,548

31 Income from Islamic financing and investing transactions

	2024 AED' 000	2023 AED' 000
Income from Islamic financing and investing assets	**14,877,398**	13,473,038
Income from investments in Sukuk	**3,828,079**	2,915,967
Income from Treasury Placement (Commodity Murabaha) with the Central Bank	**567,918**	735,975
Income from investment and Wakala deposits with financial institutions	**134,909**	36,459
Income from Treasury Placement (Commodity Murabaha) with financial institutions	**45,462**	65,119
Total	**19,453,766**	17,226,558

Income from financing and investing assets is presented net of forfeited income of AED 1.3 million (2023: AED 1.3 million). During the year ended 31 December 2024, the Group has disbursed from the charity fund of the Bank AED 93.0 million (2023: AED 23.4 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.

Notes to the Consolidated Financial Statements continued

32 Commissions, fees and foreign exchange income

	2024 AED' 000	2023 AED' 000
Commission and fees	**1,188,184**	1,286,779
Foreign exchange income	**303,417**	354,064
Other commissions and fees	**256,833**	153,848
Total	**1,748,434**	1,794,691

33 Income from other investments measured at fair value, net

	2024 AED' 000	2023 AED' 000
Dividend income from investments measured at FVTOCI	**17,134**	30,926
Total	**17,134**	30,926

34 Income from properties held for development and sale, net

	Note	**2024 AED'000**	2023 AED'000
Sales proceeds		**1,194,552**	955,156
Less: cost of sale	13.1	**(853,028)**	(717,926)
Total		**341,524**	237,230

35 Income from investment properties

Income from investment properties represents the net rental income amounting to AED 131.6 million (2023: AED 120.9 million) recognised by the Group from its investment properties and a gain of AED 607.2 million (2023: AED 222.9 million) on disposal of certain investment properties.

36 Other income

	Note	**2024 AED'000**	2023 AED'000
Realised gain on disposal of investments in Sukuk		**96,657**	688
Services income, net		**184,298**	110,343
Net gain on disposal of property and equipment		**82,846**	22
Others		**192,325**	183,136
Total		**556,126**	294,189

37 Depositors' and Sukuk-holders' share of profit

	Note	**2024 AED'000**	2023 AED'000
Mudaraba investment and savings deposits from customers	18.4	**1,567,153**	1,009,948
Wakala and other investment deposits of banks and customers	21.2	**8,050,682**	6,723,913
Sukuk-holders' accrued/realised profit on Sukuk issued	21.2	**886,727**	743,531
Total		**10,504,562**	8,477,392

38 Personnel expenses

	Note	**2024 AED'000**	2023 AED'000
Salaries, wages and other benefits		**1,946,185**	1,719,767
Staff terminal benefits	21.3	**42,870**	4,224
Total		**1,989,055**	1,723,991

39 General and administrative expenses

	2024 AED' 000	2023 AED' 000
Premises and equipment maintenance costs	**265,016**	221,222
Administrative expenses	**346,637**	233,807
Rental charges under operating leases	**90,083**	95,312
Other operating expenses	**479,194**	681,663
Total	**1,180,930**	1,232,004

40 Impairment charges, net

	Note	**2024 AED'000**	2023 AED'000
Financial assets			
Provision for Islamic financing and investing assets charged	9.3	**407,423**	1,324,735
Net provision charge for other assets		**15,390**	256,582
Impairment charges for financial assets, net		**422,813**	1,581,317
Non-financial assets			
Impairment release for non-financial assets		**(16,000)**	(185,449)
Impairment release for non-financial assets		(16,000)	(185,449)
Total impairment charges, net		**406,813**	1,395,868

Notes to the Consolidated Financial Statements continued

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:

	2024 AED'000	2023 AED'000
Profit for the year attributable to owners of the Bank	**7,934,086**	6,797,676
Profit attributable to Tier 1 Sukuk-holders	**(404,030)**	(404,030)
Board of Directors' remuneration	**(19,296)**	(20,393)
	7,510,760	6,373,253
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)	**1.04**	0.88

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	**2024 AED'000**	2023 AED'000
Cash and balances with the central banks	7.1	**26,700,468**	24,019,524
Due from banks and financial institutions	8.1	**5,642,110**	4,483,687
Due to banks and financial institutions	19.1	**(5,854,493)**	(12,966,965)
		26,488,085	15,536,246
Add: Due to banks and financial institutions over three months		**-**	11,078,012
Balance at 31 December		**26,488,085**	26,614,258

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 2024, 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.

	2024 %	2023 %
Islamic financing and investing assets	**3.7**	4.5
Customer deposits	**5.4**	8.6
Due to banks	**-**	8.5

Notes to the Consolidated Financial Statements continued

43 Related party transactions (continued)

43.4 Compensation of key management personnel

	2024 AED' 000	2023 AED' 000
Salaries and other benefits	**83,806**	84,218
Employee terminal benefits	**2,000**	2,321

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
2024				
Islamic financing and investing assets	**1,651,379**	**451,159**	**-**	**2,102,538**
Investment in Sukuk	**820,501**	**-**	**-**	**820,501**
Customers' deposits	**68,649**	**470,970**	**324**	**539,943**
Contingent liabilities and commitments	**-**	**155,953**	**-**	**155,953**
Income from Islamic financing and investing assets	**57,294**	**23,567**	**-**	**80,861**
Income from investment in Sukuk	**37,101**	**-**	**-**	**37,101**
Depositors' share of profits	**39,202**	**15,585**	**-**	**54,787**
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 assets	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

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 2024 and 2023.

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 international business and properties.

The accounting policies of the above reportable segments are the same as the Group's accounting policies.

Notes to the Consolidated Financial Statements continued

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	
	2024 AED'000	2023 AED'000	**2024 AED'000**	2023 AED'000	**2024 AED'000**	2023 AED'000	**2024 AED'000**	2023 AED'000	**2024 AED'000**	2023 AED'000	**2024 AED'000**	2023 AED'000
Net operating revenue	**4,380,679**	5,330,484	**3,397,942**	2,896,593	**2,546,911**	2,054,984	**645,006**	475,588	**1,866,002**	907,315	**12,836,540**	11,664,964
Operating expense	**(1,609,012)**	(1,440,505)	**(639,526)**	(642,796)	**(110,919)**	(102,337)	**(290,614)**	(257,252)	**(774,732)**	(718,637)	**(3,424,803)**	(3,161,527)
Net operating revenue	**2,771,667**	3,889,979	**2,758,416**	2,253,797	**2,435,992**	1,952,647	**354,392**	218,336	**1,091,270**	188,678	**9,411,737**	8,503,437
Impairment charge, net											**(406,813)**	(1,395,868)
Profit before income tax											**9,004,924**	7,107,569
Income tax expense											**(839,886)**	(97,612)
Profit for the year											**8,165,038**	7,009,957

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	
	2024 AED'000	2023 AED'000	**2024 AED'000**	2023 AED'000	**2024 AED'000**	2023 AED'000	**2024 AED'000**	2023 AED'000	**2024 AED'000**	2023 AED'000	**2024 AED'000**	2023 AED'000
Segment assets	**63,126,961**	56,059,354	**145,346,952**	141,580,539	**86,304,915**	71,322,861	**6,505,192**	6,149,456	**43,402,798**	39,179,293	**344,686,818**	314,291,503
Segment liabilities	**89,523,721**	88,180,036	**160,868,013**	136,179,561	**3,288,817**	2,769,384	**1,238,160**	1,123,072	**36,915,228**	38,605,317	**291,833,939**	266,857,370

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 2024 and 2023:

	Gross income from external customers	
	2024 AED'000	2023 AED'000
Within the U.A.E.	**21,974,350**	19,045,100
Outside the U.A.E.	**1,366,752**	1,097,256
Total	**23,341,102**	20,142,356

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.

Notes to the Consolidated Financial Statements continued

45 Sharia-compliant derivative financial instruments

45.1 Fair values of Sharia-compliant derivative financial instruments

The table below shows the positive and negative fair values of Sharia-compliant 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 a Sharia-compliant derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of Sharia-compliant 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 yea AED'000	Over 1 year to 3 years AED'000	Over 3 to 5 years AED'000	Over 5 years AED'000
2024								
Sharia-compliant Derivatives held for trading:								
Unilateral promise to buy/sell currencies	**131,670**	**164,446**	**15,735,865**	**13,769,069**	**1,966,796**	**-**	**-**	**-**
Sharia-compliant profit rate swaps	**819,115**	**754,440**	**86,599,410**	**54,000**	**7,940,188**	**13,515,189**	**42,082,630**	**23,007,403**
Sharia-compliant currency (Call/Put) options	**41,865**	**41,865**	**2,563,901**	**-**	**2,563,901**	**-**	**-**	**-**
Commodity options	**9,055**	**9,055**	**420,049**	**317,278**	**102,771**	**-**	**-**	**-**
Total	**1,001,705**	**969,806**	**105,319,225**	**14,140,347**	**12,573,656**	**13,515,189**	**42,082,630**	**23,007,403**
2023								
Sharia-compliant 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	–	–
Sharia-compliant profit rate swaps	964,294	893,596	63,844,313	100,000	548,974	17,541,491	19,364,096	26,289,752
Sharia-compliant 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

45.2 Types of Sharia-compliant 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 Sharia-compliant Swaps

Sharia-compliant 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. Sharia-compliant swap structure comprises profit rate swap and currency swap. For Sharia-compliant 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 Sharia-compliant currency swaps, fixed or floating profit payments as well as cost of underlying commodity are exchanged in different currencies, by executing the purchase/sale of commodity under "Murabaha Sale Agreement".

Notes to the Consolidated Financial Statements continued

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 2024 and 2023:

	Fair value through OCI AED'000	Fair value through profit or loss AED'000	Amortised cost AED'000	Carrying amount AED'000
2024				
Financial assets				
Cash and balances with central banks	**-**	**-**	**26,700,468**	**26,700,468**
Due from banks and financial institutions	**-**	**-**	**5,642,110**	**5,642,110**
Islamic financing and investing assets, net	**-**	**274,862**	**212,151,886**	**212,426,748**
Investment in Sukuk	**220,047**	**-**	**81,940,687**	**82,160,734**
Other investments measured at fair value	**785,404**	**-**	**-**	**785,404**
Receivables and other assets	**-**	**1,001,705**	**5,543,456**	**6,545,161**
	1,005,451	**1,276,567**	**331,978,607**	**334,260,625**
Financial liabilities				
Customers' deposits	**-**	**-**	**248,545,755**	**248,545,755**
Due to banks and financial institutions	**-**	**-**	**5,854,493**	**5,854,493**
Sukuk issued	**-**	**-**	**24,154,397**	**24,154,397**
Payables and other liabilities	**-**	**969,806**	**12,156,570**	**13,126,376**
	-	**969,806**	**290,711,215**	**291,681,021**
2023				
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

Notes to the Consolidated Financial Statements continued

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 Shaira-compliant 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:

	Level 1 AED'000	**Level 2 AED'000**	**Level 3 AED'000**	**Total AED'000**
2024				
Investments measured at fair value through other comprehensive income				
Quoted instruments	**430,466**	**-**	**-**	**430,466**
Unquoted instruments	**-**	**-**	**574,985**	**574,985**
Other assets				
Sharia-compliant derivative assets	**-**	**1,001,705**	**-**	**1,001,705**
Financial assets measured at fair value	**430,466**	**1,001,705**	**574,985**	**2,007,156**
Other liabilities				
Sharia-compliant derivative liabilities	**-**	**969,806**	**-**	**969,806**

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
2023				
Investments measured at fair value through other comprehensive income				
Quoted instruments	427,265	–	–	427,265
Unquoted instruments	–	–	639,633	639,633
Other assets				
Sharia-compliant 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				
Sharia-compliant derivative liabilities	–	1,057,385	–	1,057,385

There were no transfers between Level 1, 2 and 3 during the years ended 31 December 2024 and 2023.

Notes to the Consolidated Financial Statements continued

46 Financial assets and liabilities (continued)

46.2 Fair value of financial instruments (continued)

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

	2024 AED' 000	2023 AED' 000
Balance at 1 January	**639,633**	811,404
Loss in other comprehensive income	**(62,329)**	(275,049)
Disposal during the year	**(1,763)**	-
Others	**(556)**	103,278
Balance at 31 December	**574,985**	639,633

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.

		Fair value			
	Carrying amount AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
2024					
Financial assets:					
Investments in Sukuk	**82,160,734**	**74,109,157**	**1,436,484**	**4,682,609**	**80,228,250**
Financial liabilities:					
Sukuk issued	**24,154,397**	**23,599,008**	**-**	**95,248**	**23,694,256**
2023					
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

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;
- Profit rate risk;
- Operational risk;
- Financial crime;
- Model risk;
- Reputational risk;
- Regulatory/compliance risk;
- Information and cyber security risk;
- Sharia non-compliance risk;
- Market conduct risk;
- Strategic risk; and
- Environment, social and governance 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 ultimately responsible for the overall risk management approach and for approving the risk strategies and policies.

Notes to the Consolidated Financial Statements continued

47 Financial risk management (continued)

47.1 Introduction (continued)

Board Risk Compliance and Governance Committee

The Board Risk Compliance and Governance Committee (BRCGC) 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. BRCGC supports the Board in fulfilling its oversight responsibilities with respect to implementation of DIB's governance, enterprise risk management and internal control frameworks and their related operations. Further, BRCGC maintains a group wide view of current and future risk position relative to its risk appetite and capital strength. It is responsible for the fundamental risk issue 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.). Oversee and champion efforts to instil a robust risk culture within DIB which supports embedding the Risk Management Framework, Risk policies and processes and ensure that business is conducted in an ethical manner.

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 a management committee responsible for managing the Group's assets and liabilities. The Committee:

- Act as guardian in overseeing all matters that impact the Banks asset and liability structure, including but not limited to management of liquidity, profit rate risk, market risk, and oversight on compliance with the related internal and regulatory limits and guidelines.
- Oversee liquidity management of the Bank, develop strategies, operating policies and practices to manage liquidity risk in accordance with Board approved policies and risk tolerance/limits to ensure the Bank maintains sufficient liquidity at all times.
- Ensure adequate systems and capabilities are in place to identify, measure, monitor, control and report on liquidity, ALM, PRRBB and market risk exposures and related risks.

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 recognises 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). Further, BRCGC approved the provisioning process and associated provisions as per Article 9.16 of the Credit Risk Management Regulation and accompanying standards, Circular No. 5131 dated 17 October 2024.

Notes to the Consolidated Financial Statements continued

47 Financial risk management (continued)

47.1 Introduction (continued)

Model Risk Management Committee

The Committee is established to oversee models which are used for valuation, risk measurement, decision-making etc. with the objective of providing substantiated decisions related to each step of the model life-cycle and 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 has been established to provide oversight of compliance at an enterprise level and ensure DIB's compliance framework is robust, effective and fit for purpose to safeguard its reputation and operations. The Committee facilitates Executive Management in fulfilling their responsibilities with respect to compliance, and plays a particularly important role in promoting a strong compliance culture across the Group.

Sharia Compliance Function

The Sharia Compliance function of Internal Sharia Control Department 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 Higher Sharia Authority as well as ISSC.

Group Internal Audit Department

The Group Internal Audit is an independent and objective function which is designed to support the Group to accomplish its objectives by bringing a systematic auditing approach to evaluate the effectiveness of risk management, control, and governance processes. Group Internal Audit, as a third line of defense, is accountable to provide independent assurance to the Board of Directors through the Board Audit Committee. Risk management processes throughout the Group are audited periodically by the Group Internal Audit Department which examines both the adequacy of the procedures and the Group's compliance with the procedures.

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 its 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 guidance and corrective measures and then submit the final report to the Board Audit Committee for execution of ISSC decision.

47.1.2 Risk measurement and reporting systems

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

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

Information compiled from all the businesses is examined and processed in order to analyse the risk profile and identify inherent risks. This information is presented and explained to the management, management committees, the Risk Management Committee, and Board Risk Compliance and Governance Committee. Specialised 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. At appropriate frequencies, detailed reporting of industry, customer and geographic risks takes place.

Notes to the Consolidated Financial Statements continued

47 Financial risk management (continued)

47.1 Introduction (continued)

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.

47.1.5 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.

Notes to the Consolidated Financial Statements continued

47 Financial risk management (continued)

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's approach to credit risk management is based on the foundation of independence and integrity of risk management as well as applicable regulatory standards. This is ensured through a well defined and robust organisation structure duly supported by various risk committees, forums, systems, policies, procedures and processes providing a strong risk infrastructure and management framework.

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 assessment is undertaken in accordance with Bank's policies and procedures and considers the risk profile and characteristics of the customer along with drivers of their credit performance.

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.

Management of watch list and non-performing Financing

The Group has a well-defined process for identification of watch list and non-performing financing and dealing with them effectively. There are policies which govern credit grading of these customers and their impairment, in line with IFRS and regulatory guidelines. Once an account is classified as non-performing, it is assessed for recoverability by an independent Special Assets Management unit reporting directly to GCRO to ascertain appropriate classification, recovery actions and appropriate level of provision.

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. Collaterals are revalued regularly as per Bank's credit policy and applicable regulations. 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.

When eligible collaterals are used in calculating provisions for stage 3 accounts, the Bank employs haircuts which are conservative considering regulatory requirements.

Sharia-compliant derivative financial instruments

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

Credit-related commitments risks

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

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

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

	Gross maximum exposure 2024 AED'000	Gross maximum exposure 2023 AED'000
Balances with central banks	**24,701,162**	21,798,067
Due from banks and financial institutions	**5,645,028**	4,486,605
Islamic financing and investing assets	**219,187,440**	208,355,983
Investment in Sukuk	**82,471,983**	68,473,610
Other investments measured at fair value	**785,404**	846,510
Receivables and other assets	**6,882,122**	6,418,571
	339,673,139	310,379,346
Contingent liabilities	**11,792,421**	11,543,600
Commitments	**19,596,087**	17,121,974
Total	**371,061,647**	339,044,920

Notes to the Consolidated Financial Statements continued

47 Financial risk management (continued)

47.2 Credit risk (continued)

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:

	2024 AED' 000	2023 AED' 000
The U.A.E.	**283,563,277**	272,007,728
Other Gulf Cooperation Council (GCC) countries	**54,412,571**	36,856,801
Asia	**19,286,249**	15,931,420
Europe	**11,683,464**	9,073,108
Africa	**1,678,356**	4,599,609
Others	**437,730**	576,254
Total	**371,061,647**	339,044,920

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 2024 AED'000	Gross Maximum Exposure 2023 AED'000
Government	**85,797,410**	69,929,448
Financial Institutions	**47,324,656**	40,697,929
Real estate	**50,462,581**	57,221,220
Contracting	**6,814,738**	7,558,147
Trade	**8,781,044**	9,837,850
Aviation	**14,753,543**	16,317,047
Services and others	**92,682,111**	81,055,504
Consumer financing	**37,196,816**	32,169,526
Consumer home finance	**27,248,748**	24,258,249
Total	**371,061,647**	339,044,920

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.

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 2024 AED'000**	Total 2023 AED'000
Low risk			
Risk rating class 1a to 4c	Aaa–Baa3	**187,242,969**	157,191,886
Moderate risk			
Risk rating class 5a to 6c	Ba1–B3	**155,484,875**	144,103,783
Fair risk			
Risk rating classes 7a to 7d	Caa1–Ca	**17,442,830**	24,476,628
Default			
Risk rating classes 8 to10	C	**10,890,973**	13,272,623
Total		**371,061,647**	339,044,920

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.

Notes to the Consolidated Financial Statements continued

47 Financial risk management (continued)

47.2 Credit risk (continued)

47.2.5 Analysis of financial instruments by stage

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

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
2024				
Balances with central banks	**24,701,162**	**-**	**-**	**24,701,162**
Due from banks and financial institutions	**5,645,028**	**-**	**-**	**5,645,028**
Islamic financing and investing assets	**199,166,813**	**10,882,501**	**9,138,126**	**219,187,440**
Investment in Sukuk	**82,444,218**	**-**	**27,765**	**82,471,983**
Other investments measured at fair value	**785,404**	**-**	**-**	**785,404**
Receivables and other assets	**6,156,368**	**227,473**	**498,281**	**6,882,122**
	318,898,993	**11,109,974**	**9,664,172**	**339,673,139**
Contingent liabilities	**11,792,421**	**-**	**-**	**11,792,421**
Commitments	**19,596,087**	**-**	**-**	**19,596,087**
Total	**350,287,501**	**11,109,974**	**9,664,172**	**371,061,647**

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
2023				
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

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 expected adverse conditions, the Group ensures to maintain adequate liquid buffers to meet its funding requirements.

The key measurement tools for liquidity Risk monitoring in the Bank are Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR"), which are based on regulatory requirements as per the CBUAE. These regulatory metrics are complemented by internal metrics such as liquidity stress testing, funding concentration metrics, evaluation of available unencumbered Assets and Liquidity Pool, cumulative maturity mismatch analyses as well as monitoring of Bank Specific and Market Wide Early Warning Indicators ("EWIs").

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.

Notes to the Consolidated Financial Statements continued

47 Financial risk management (continued)

47.3 Liquidity risk and funding management (continued)

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 to note 18 for customers' deposits, note 20 for Sukuk issued and note 25 for Tier 1 issuance.

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.

	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
2024						
Assets:						
Cash and balances with central banks	26,700,468	-	-	-	-	26,700,468
Due from banks and financial institutions	5,642,110	-	-	-	-	5,642,110
Islamic financing and investing assets, net	24,797,629	24,253,350	93,302,232	70,073,537	-	212,426,748
Investments in Sukuk	2,813,105	5,649,145	42,190,703	31,507,781	-	82,160,734
Other investments measured at fair value	-	-	-	-	785,404	785,404
Investments in associates and joint ventures	-	-	-	-	2,502,668	2,502,668
Properties held for development and sale	-	-	-	-	988,138	988,138
Investment properties	-	-	-	-	4,520,483	4,520,483
Receivables and other assets	671,220	5,929,990	458,243	22,541	-	7,081,994
Property and equipment	-	-	-	-	1,878,071	1,878,071
Total assets	60,624,532	35,832,485	135,951,178	101,603,859	10,674,764	344,686,818
Liabilities and equity:						
Customers' deposits	146,600,042	74,702,840	26,952,257	290,616	-	248,545,755
Due to banks and financial institutions	5,543,621	123,383	158,811	28,678	-	5,854,493
Sukuk issued	2,754,750	-	21,304,398	95,249	-	24,154,397
Payables and other liabilities	7,691,290	3,436,502	1,541,785	28,172	-	12,697,749
Zakat payable	-	581,545	-	-	-	581,545
Equity	-	-	-	-	52,852,879	52,852,879
Total liabilities and equity	162,589,703	78,844,270	49,957,251	442,715	52,852,879	344,686,818

Notes to the Consolidated Financial Statements continued

47 Financial risk management (continued)

47.3 Liquidity risk and funding management (continued)

47.3.3 Maturity analysis of assets and liabilities (continued)

	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
2023						
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

Notes to the Consolidated Financial Statements continued

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 2024 and 2023. 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 year AED'000 s**	**Over 5 Years AED'000**	**Total AED'000**
2024					
Customers' deposits	**146,837,825**	**76,697,872**	**28,093,720**	**361,685**	**251,991,102**
Due to banks and other financial institutions	**5,740,501**	**176,734**	**136,990**	**-**	**6,054,225**
Sukuk issued	**2,755,399**	**-**	**23,614,397**	**93,984**	**26,463,780**
Payables and other liabilities	**7,689,142**	**2,248,842**	**2,731,593**	**28,172**	**12,697,749**
Zakat payable	**-**	**581,545**	**-**	**-**	**581,545**
Total liabilities	**163,022,867**	**79,704,993**	**54,576,700**	**483,841**	**297,788,401**
Contingent liabilities:					
Letters of guarantee	**8,122,638**	**1,749,381**	**147,326**	**1,923**	**10,021,268**
Letters of credit	**916,571**	**692,764**	**161,818**	**-**	**1,771,153**
	9,039,209	**2,442,145**	**309,144**	**1,923**	**11,792,421**
Capital expenditure commitments	**9,114**	**44,058**	**1,441,595**	**-**	**1,494,767**
Total contingent liabilities and commitments	**9,048,323**	**2,486,203**	**1,750,739**	**1,923**	**13,287,188**

	Less than 3 months AED'000	3 months to 1 year AED'000	1 to 5 year AED'000 s	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

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.

Notes to the Consolidated Financial Statements continued

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;
- Appropriate valuation of financial instruments 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 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 2024 and 2023.

Currency	**Increase in basis points**	**2024 AED'000**	2023 AED'000
Sensitivity of net profit income	**50**	**51,691**	32,954

Notes to the Consolidated Financial Statements continued

47 Financial risk management (continued)

47.4 Market risk (continued)

47.4.2 Foreign exchange risk

The table below summarises the Group exposure to foreign currency exchange rate risk at 31 December 2024 and 2023. Included in the table are the Group financial instruments at their carrying amounts, categorised by currency.

	AED AED'000	USD AED'000	G.C.C. AED'000	GBP AED'000	Euro AED'000	Other AED'000	Total AED'000
2024							
Financial Assets:							
Cash and balances with the central banks	26,326,688	-	-	524	396	372,860	26,700,468
Due from banks and financial institutions	1,662,782	3,130,676	59,485	19,391	51,921	717,855	5,642,110
Islamic financing and investing assets, net	149,274,423	57,898,913	2,147,752	12,751	2,526	3,090,383	212,426,748
Investment in Sukuk	4,943,434	75,591,847	-	-	-	1,625,453	82,160,734
Other investments at fair value	9,978	-	-	-	-	775,426	785,404
Receivables and other assets	3,328,224	2,371,932	111,865	-	403,430	329,710	6,545,161
Total	185,545,529	138,993,368	2,319,102	32,666	458,273	6,911,687	334,260,625
Financial Liabilities:							
Customers' deposits	221,268,730	21,423,767	97,692	298,890	1,182,808	4,273,868	248,545,755
Due to banks and other financial institutions	381,296	5,121,399	-	16	22	351,760	5,854,493
Sukuk issued	-	24,059,149	-	-	-	95,248	24,154,397
Payables and other liabilities	8,980,048	2,865,554	408,857	17,567	525,493	328,857	13,126,376
Total	230,630,074	53,469,869	506,549	316,473	1,708,323	5,049,733	291,681,021
Net on balance sheet	(45,084,545)	85,523,499	1,812,553	(283,807)	(1,250,050)	1,861,954	42,579,604
Unilateral promise to buy/sell currencies	9,448,914	(9,132,510)	(1,699,248)	246,451	1,118,633	17,760	-
Currency position - long/(short)	(35,635,631)	76,390,989	113,305	(37,356)	(131,417)	1,879,714	42,579,604

Notes to the Consolidated Financial Statements continued

47 Financial risk management (continued)

47.4 Market risk (continued)

47.4.2 Foreign exchange risk (continued)

	AED AED'000	USD AED'000	G.C.C. AED'000	GBP AED'000	Euro AED'000	Other AED'000	Total AED'000
2023							
Financial Assets:							
Cash and balances with 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 continued

47 Financial risk management (continued)

47.4 Market risk (continued)

47.4.2 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 2024 and 2023 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 2024 AED'000	Effect on profit or loss 2023 AED'000
US Dollar	**+2**	**1,529,256**	910,708
GBP	**+2**	**(747)**	(10)
EURO	**+2**	**(2,628)**	(2,511)

Currency	Decrease in currency rate in %	Effect on profit or loss 2024 AED'000	Effect on profit or loss 2023 AED'000
US Dollar	**-2**	**(1,529,256)**	(910,708)
GBP	**-2**	**747**	10
EURO	**-2**	**2,628**	2,511

47.4.3 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 2024 and 2023 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 2024	Effect on equity 2024 AED'000	Effect on profit or loss 2023 AED'000	Effect on equity 2023 AED'000
Pak Rupees	**+5**	**3,748**	**30,794**	4,430	26,805
Egypt Sterling	**+5**	**516**	**2,529**	541	4,140

Currency	Decrease in currency rate in %	Effect on profit or loss 2024	Effect on equity 2024 AED'000	Effect on profit or loss 2023 AED'000	Effect on equity 2023 AED'000
Pak Rupees	**-5**	**(3,391)**	**(26,810)**	(4,008)	(23,201)
Egypt Sterling	**-5**	**(467)**	**(2,288)**	(490)	(3,746)

47.4.4 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 private equity 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 2024 and 2023) 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 2024 AED'000	Effect on other comprehensive income 2023 AED'000
Dubai Financial Market	**+5%**	**2,357**	5,330
Abu Dhabi Exchange	**+5%**	**4,373**	3,122
Bahrain Stock Exchange	**+5%**	**165**	920
Other	**+5%**	**2,738**	4,331

Notes to the Consolidated Financial Statements continued

47 Financial risk management (continued)

47.4 Market risk (continued)

47.4.4 Equity price risk (continued)

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 28.7 million (2023: AED 32.0 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. Under this definition Bank also has defined methodologies for monitoring and managing various operational risk types including technology risk, data risk, people risk, fraud risk and legal risk

The Group has developed a detailed operational risk framework that 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. Enterprise Governance Risk and Compliance system to track operational risk events across the Group. The system houses more than ten years of operational loss data. The subject system is also capable to record KRI and RCSA.

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 arises from negative perception on the part of customers, counterparties, shareholders, investors or regulators or other relevant parties that can adversely affect a Bank's ability to maintain existing or establish new, business relationships and continued access to sources of funding.

It also includes the threat to the brand value of a financial institution. 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

Compliance risk is the risk of failing to comply with applicable regulations which may lead to regulatory enforcements, penalties, or reputational damage. The Group has an independent Compliance function, with the necessary mandate and authority to oversee compliance requirements on a Group wide basis. Compliance policies covering key areas such as Sanctions, Anti Money Laundering (AML), Counter Terrorist Financing (CTF), Proliferation Financing (PF), 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 applicable reporting 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 sets 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.

Notes to the Consolidated Financial Statements continued

47 Financial risk management (continued)

47.8 Sharia Non-Compliance Risk (continued)

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's 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's 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's lead regulator, the Central Bank of U.A.E. (CBUAE), sets the 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's regulatory capital comprises the following:

- 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 recognised 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 2024 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 Central Bank of U.A.E. 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 U.A.E. An internal assessment of material risks is carried out annually to enable an evaluation of the capital required to cover these risks. This is referred to as the Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP consists of a point-in-time assessment of exposures and risks at the end of the financial year together with a forward-looking stress capital assessment. The ICAAP is approved by the Board and submitted to the Central Bank of U.A.E.

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 continued

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:

	2024 AED'000	2023 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	**16,652,186**	14,088,870
Cumulative deferred exchange losses	**(2,028,690)**	(1,741,437)
Investment fair value reserve	**(1,270,120)**	(1,334,593)
Intangible assets	**(215,824)**	(127,048)
Deferred tax assets	**(126,997)**	(84,495)
Total CET 1 Capital	**34,035,967**	31,826,709
Additional Tier 1 Capital		
Tier 1 Sukuk	**10,100,750**	8,264,250
Total Additional Tier 1 Capital	**10,100,750**	8,264,250
Total Tier 1 Capital	**44,136,717**	40,090,959
Tier 2 Capital		
Collective impairment allowance	**2,925,424**	2,845,523
Total Tier 2 Capital	**2,925,424**	2,845,523
Total capital base	**47,062,141**	42,936,482
Risk weighted assets		
Credit risk	**234,033,891**	227,641,803
Market risk	**2,110,429**	2,292,207
Operational risk	**21,063,244**	18,689,483
Total risk weighted assets	**257,207,564**	248,623,493
Capital Ratios		
Capital adequacy ratio	**18.3%**	17.3%
Tier 1 Capital ratio	**17.2%**	16.1%
Common Equity Tier 1 ratio	**13.2%**	12.8%

The capital adequacy ratio for the year 2024 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 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.

50 Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 11 February 2025.

بنك دبي الإسلامي
Dubai Islamic Bank

Dubai Islamic Bank (PJSC)
Al Maktoum Road
Deira
P.O. Box 1080
Dubai, UAE