20 Years of Collective Progress

Annual Report 2024

IN THE NAME OF ALLAH,
THE MERCIFUL,
THE MOST MERCIFUL

H.H. Sheikh Mohamed Bin Zayed Al Nahyan
President of the United Arab Emirates

H.H. Sheikh Mohammed Bin Rashid Al Maktoum
Vice President and Prime Minister of the United Arab Emirates and Ruler of Dubai

H.H. Sheikh Hamdan Bin Mohammed Bin Rashid Al Maktoum
Deputy Prime Minister and Minister of Defence of the United Arab Emirates and Crown Prince of Dubai

H.H. Sheikh Maktoum Bin Mohammed Bin Rashid Al Maktoum
Deputy Ruler of Dubai, Deputy Prime Minister and Minister of Finance of the United Arab Emirates

20 Years of Collective Progress

For two decades, Emirates Islamic has charted a remarkable journey of purpose-powered progress. Guided by a vision to transform Islamic banking, the Bank has emerged as a leader and trailblazer, driving excellence across its approach to its customers, employees and the communities it serves. At the heart of this journey is a belief in collective progress – a philosophy that every achievement contributes to a greater shared future.

From redefining customer experiences to embracing cutting-edge technologies, empowering its people and championing sustainability, Emirates Islamic has consistently raised the bar. Each milestone achieved over the past 20 years signifies not only a progression for the Bank but also a meaningful impact on the individuals it serves and the industries it shapes. This enduring dedication to growth and innovation has positioned Emirates Islamic as a cornerstone of the UAE's financial landscape and a pioneer in the global Islamic finance sector.

As Emirates Islamic celebrates two decades of progress, it remains steadfast in its mission to shape the future of Islamic banking – one that empowers, inspires, and transforms. It continues to innovate, evolve and grow – at the fastest pace of any Islamic bank in the UAE – to create a better future for all. Together with its customers, employees and communities, the Bank continues to build a legacy of achievement, purpose and progress that will drive the next 20 years and beyond.

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An Explanation of Integrated Annual Reporting

This integrated report covers our Strategic and Operational overview, ESG Summary, Corporate Governance Report, Shariah Report, Directors' Report and Financials as at 31 December, 2024.

The report is the culmination of rigorous monitoring and evaluation of our activities across the entirety of our operations, business units, and sustainability efforts.

"We achieved our best-ever financial performance during 2024, cementing our position as the fastest-growing Islamic bank in the UAE."

Mr. Hesham Abdulla Al Qassim
Chairman

20 Years of Collective Progress

As we celebrate 20 years since the founding of Emirates Islamic, I reflect with immense pride on how far we have come and the transformative role we have played in advancing Islamic banking in the region. This milestone reflects commitment to continuous innovation, and ethical banking principles that have guided us since our inception and remain stronger today than ever.

As I look back over these two decades, I am thrilled by how much the Islamic banking landscape has evolved, and by Emirates Islamic's contributions to this transformation. As a young and dynamic institution, we have effectively navigated numerous economic cycles, the successful integration of Dubai Bank, the challenges posed by the pandemic, and the rapid advancements in digital technology.

Today, we stand as a leader in Islamic banking, consistently achieving outstanding financial performance signified by record results this year, pioneering cutting-edge digital initiatives in our sector, and creating sustainable value.

At the core of our success is our proposition as a bank for everyone – supporting all economic sectors and empowering individuals and businesses to establish strong foundations in the UAE. As we mark this momentous occasion, I am inspired by the opportunities that lie ahead and reaffirm our commitment to shaping the future of Islamic banking, driven by continuous improvement and outstanding service across our growing network.

Refreshed Strategy Delivering Results

Emirates Islamic launched a refreshed strategy this year to align with evolving market dynamics, developing opportunities, and the changing needs of its customers. A central focus has been growing market share across all business segments by strengthening relationships with existing clients while attracting new ones. Notable growth reflects strategic efforts to diversify revenue streams and explore new opportunities. New initiatives and enhanced propositions have played a vital role in broadening the customer base, driving engagement, and delivering tailored solutions.

Accelerating digitisation remained a key pillar of the strategy, with substantial investments in technology and digitalisation to deliver fast, secure, and convenient banking experiences. Key highlights of the year were the successful launches of the new mobile banking app, EI+, Digital Wealth Management Platform and fully digital account opening journey.

Enhancing customer experience is central to delivering our strategic vision. Investments in customer experience, such as streamlined complaint resolution processes, continue to enhance service quality and efficiency. At the same time, we have prioritised people development to promote agility, empowerment, and inclusivity. Emiratisation remains a strategic priority, with ongoing efforts to attract and develop Emirati talent, supported by high-impact training and upskilling programmes.

The UAE's Fastest Growing Islamic Bank

We achieved our best-ever financial performance during 2024, cementing our position as the fastest-growing Islamic bank in the UAE. This remarkable trajectory is reflected in a very strong balance sheet, with assets growing at the fastest compound annual growth rate (CAGR) in the UAE post-COVID. Deposit and asset growth during the year were driven by a significant increase in the customer base across both retail and corporate banking segments. This expansion not only boosted lending and deposits but also delivered double-digit volume growth, supported by elevated interest rates, which further enhanced profitability.

Our commitment to innovation and operational efficiency played a critical role in delivering these outstanding results. Strategic investments in automation and digitisation have streamlined processes, leading to substantial cost savings while improving service quality. These achievements underscore the success of the Bank's strategy and position Emirates Islamic for continued growth and value creation in the years ahead.

Progressing our ESG Journey

At Emirates Islamic, sustainability and ESG remain at the core of our operations, guided by robust governance and prudent risk management. These pillars safeguard the interests of our shareholders and ensure we are well-positioned to execute our strategy and create long-term, sustainable value. In 2024, we made significant progress on our COP28 commitment, aligning our efforts with global and regional sustainability goals. By driving operational efficiency across the Bank, we have minimised our environmental impact, reinforcing our commitment to a greener, more sustainable future.

Setting High Standards in Shariah Compliance

We remain steadfast in our commitment to upholding and enhancing Shariah compliance across all our products, services, and operations. By adhering to the highest standards of Islamic banking principles, we ensure compliance with applicable regulations, setting new benchmarks in the market.

We are committed to strengthening our offerings to align with evolving Shariah practices, ensuring transparency, fairness, and ethical conduct that meet the diverse needs of our valued customers.

A Foundation for Even Greater Achievements

Looking ahead, the economic fundamentals of the UAE remain strong, providing a solid foundation for future growth. However, the macroeconomic landscape presents a mixed outlook, shaped by factors such as fluctuating oil prices, changing interest rates, and ongoing geopolitical tensions. Despite these challenges, we stand steadfast in our mission to deliver excellence and seize the opportunities that lie ahead. We will continue to execute our strategy with precision, pursuing growth across all segments of our business.

I remain grateful for the leadership, trust and support of the rulers of Dubai and the UAE, who inspire us each day to strive for more and fulfil our ambitions. On behalf of the Board, I would like to thank all our customers, partners, employees and shareholders, who have made Emirates Islamic what it is today. As we move forward, we are determined to build on our success story, fostering resilience, innovation, and collective progress for the next 20 years and beyond.

Mr. Hesham Abdulla Al Qassim
Chairman

Chief Executive Officer's Message

"It has been a journey of growth — two decades of purpose-driven success and a year filled with remarkable accomplishments."

Mr. Farid AlMulla
Chief Executive Officer

Remarkable Performance and Results

Total Assets Growth (YoY)
26.6%

Revenue Growth (YoY)
12.6%

At Emirates Islamic, 2024 has been a year of extraordinary achievement, marked by healthy financial growth across both funded and non-funded income streams. Supported by a significant rise in customer financing and deposits, we have continued our growth journey and reached new heights of profitability.

Our commitment to innovation in Islamic finance continues to set us apart, with milestones such as issuing the UAE's first billion-dirham denominated Sukuk by an Islamic bank and launching the world's first WhatsApp Banking service in the sector. These accomplishments reflect the strength of our strategy and our unwavering focus on delivering sustainable value for our investors and stakeholders.

Our 20th anniversary year has seen Emirates Islamic reach new highs, with record results and growth. Reflecting our commitment, drive and ambition to effectively execute our strategy, the Bank delivered a strong financial performance, achieving its highest-ever profit with a 32.5% increase compared to the previous year.

This success was driven by strong growth in both funded and non-funded income, resulting in a healthy net profit margin and a low cost of risk. Supported by a strong capital and liquidity position, we remain well equipped to drive customer growth and capitalise on emerging opportunities and maintain our positive momentum in the coming year.

Focus on Customer Acquisition with New Products and Propositions

Solidifying Emirates Islamic's position as a leader in Islamic banking this year, we launched a range of products and services tailored to meet the evolving needs of our customers, reflecting our focus and dedication to driving customer acquisition. This was supported by enhanced cross-selling activity, which delivered strong returns and deepened our relationships with our clients across all our segments.

Among the standout initiatives was the introduction of the Fractional Sukuk, a groundbreaking product that allows clients to diversify their portfolios with a lower investment threshold, making Shariah-compliant investments more accessible.

The launch of Wakala variants, including Upfront and Interim Profit structures, offered enhanced flexibility to appeal to a broader customer audience. Additionally, the revamped Emarati Visa Signature Credit Card introduced exclusive privileges tailored to UAE nationals, further demonstrating the Bank's commitment to personalising financial solutions.

A relentless focus on enhancing the customer experience has also been a key pillar of the Bank's strategy. With investments in digital transformation, Emirates Islamic has significantly improved customer satisfaction and Net Promoter Scores (NPS), while increasing our global brand ranking by 80 places.

We have also embraced API-based services to improve the accessibility and efficiency of our offerings. Key developments such as outward payment services, account enquiries, statements, and SWIFT advice available via APIs have enabled customers to integrate financial services more effectively into their daily operations. These initiatives underscore Emirates Islamic's dedication to using advanced technology to enhance service delivery and strengthen partnerships.

Personalisation has been another strategic focus, with tailored financial solutions designed to meet the unique needs of individual customers. From personalised investment portfolios to tailored Personal Finance products, Emirates Islamic has prioritised proactive customer engagement, ensuring that clients receive relevant advice and solutions. This approach has served to enhance customer satisfaction while also strengthening loyalty, making the Bank a trusted partner for our diverse customer base.

Streamlined processes and enhanced customer support have further elevated the banking experience. Simplified onboarding procedures have made it faster and easier for new customers to open accounts, while optimised branch operations have reduced wait times and improved service quality. In addition, multilingual service teams provide assistance across all business segments and help customers with their specific needs.

Accelerating Digital Transformation and Innovation

This year saw Emirates Islamic accelerate our digital transformation, reinforcing our position as an innovative force within the Islamic banking sector. Central to this progress is the enhanced EI+ digital banking platform, which now delivers an intuitive, seamless user experience. With features such as biometric authentication, instant fund transfers, QuickRemit corridors, and personalised financial insights, the app has become an essential tool for customers seeking secure and efficient banking services.

Key initiatives like Project Simplify, a self-service portal for corporate and business banking customers, and Masar, an STP journey for Murabaha booking and trading, have streamlined processes and improved efficiency across our operations. Complementing these efforts is the DMS automated decision management system, enabling product Straight Through Processing (STP) in retail banking and wealth management. By embracing innovative technologies, Emirates Islamic continues to transform our digital capabilities, creating a more accessible, efficient, and customer-centric banking experience.

Engaging and Supporting Talent

Emirates Islamic remained focused on engaging and supporting our people during the year, recognising them as the foundation of our success. Creating a positive and inclusive work environment is at the heart of our employee engagement strategy. Through targeted training and development programmes, such as School of Leadership and School of Data Sciences, we continue to invest in enhancing the skills and capabilities of our employees, ensuring they are equipped to thrive in a dynamic banking environment. These initiatives foster individual employee growth while also aligning with the Bank's long-term strategic goals, fostering a high-performance culture across the organisation.

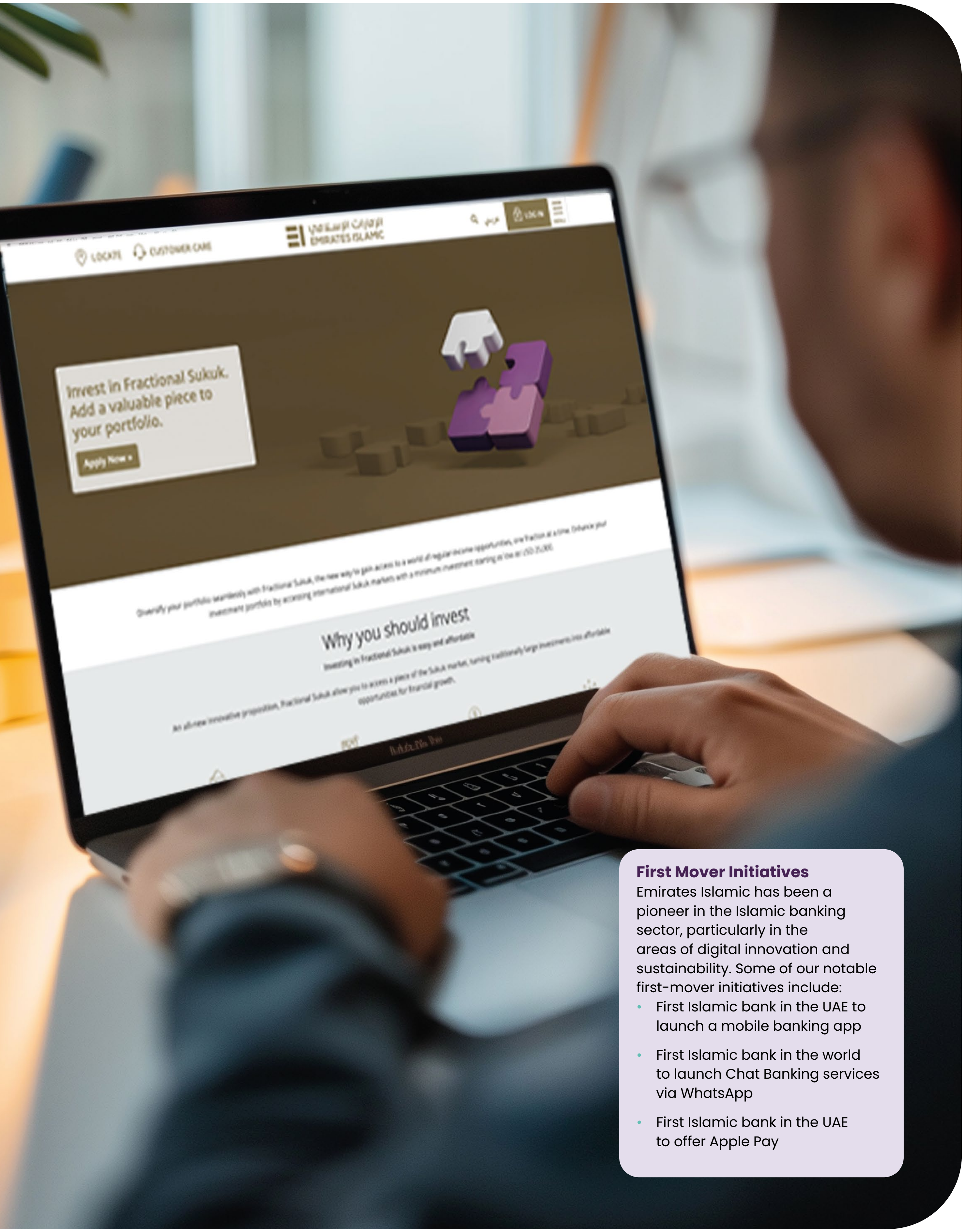
Priorities for 2025

Looking ahead to 2025, Emirates Islamic will remain focused on advancing our strategic objectives to drive growth and deliver value for all stakeholders. Enhancing customer experience will continue to be a top priority, with efforts directed at improving service quality, personalising products and services, and simplifying processes to reduce turnaround times. Operational efficiency will also take centre stage, as we implement cost-saving measures, optimise processes, and enhance productivity to strengthen our overall performance.

Risk management and sustainability will be critical pillars of our focus in 2025. By enhancing risk management frameworks and controls, we will mitigate key risks while ensuring full compliance with regulatory requirements. We will also continue to promote sustainability by integrating ESG considerations into our business decisions, reducing our environmental footprint, and supporting social initiatives that contribute to community development.

As we look back on a memorable year – the culmination of two decades of purpose-driven growth – I would like to extend my deep appreciation to our Chairman and Board of Directors for their valued guidance, to our dedicated employees for their unwavering commitment, and to our customers for their continued trust in Emirates Islamic, as we build on 20 years of collective progress to strive for even greater heights ahead.

Mr. Farid AlMulla
Chief Executive Officer



First Mover Initiatives

Emirates Islamic has been a pioneer in the Islamic banking sector, particularly in the areas of digital innovation and sustainability. Some of our notable first-mover initiatives include:

- First Islamic bank in the UAE to launch a mobile banking app
- First Islamic bank in the world to launch Chat Banking services via WhatsApp
- First Islamic bank in the UAE to offer Apple Pay

Empowering Customers: Two Decades of Customer-centric Innovation

Emirates Islamic has redefined the essence of customer-centricity in Islamic banking. The Bank has placed its customers at the centre of everything it does, blending innovation with personalisation to deliver world-class financial solutions. This commitment to excellence has allowed Emirates Islamic to empower individuals and businesses, shaping a brighter, more inclusive financial future for all.

As a pioneer in the Islamic banking sector, Emirates Islamic has consistently introduced groundbreaking services designed to enhance customer convenience and satisfaction. The Bank was the first Islamic bank in the UAE to launch a mobile banking app, the first Islamic bank globally to launch Chat Banking services via WhatsApp, and the bank that introduced Apple Pay to the UAE's Islamic banking sector, demonstrating its commitment to aligning with modern customer lifestyles.

Innovation at Emirates Islamic is deeply intertwined with the needs of its diverse customer base. Through a comprehensive range of Shariah-compliant products, the Bank has delivered tailored solutions that address the specific requirements of individuals, businesses and corporations. Whether through innovative home financing options, customised business solutions, or unique offerings such as Fractional Sukuk, Emirates Islamic has consistently democratised access to wealth-building opportunities.

> "At Emirates Islamic, every innovation starts with a simple question: How can we make life better for our customers?"

The Bank's success is also underpinned by its use of advanced data analytics to deliver personalised services. By leveraging customer insights, Emirates Islamic offers tailored recommendations that anticipate needs and enhance satisfaction. Multiple customer service channels, including branches, digital platforms and call centres, ensure that customers have access to timely support wherever they are.

With the adoption of open banking and enhanced data-sharing capabilities, Emirates Islamic is poised to further enrich its customer offerings. These innovations provide customers with unprecedented control over their financial data, enabling personalised financial planning and budgeting tools that are tailored to their unique circumstances. For two decades, Emirates Islamic has consistently demonstrated that true progress comes from empowering its customers, a philosophy that will continue to shape its journey in the years ahead.

Driving Digital Progress: Transforming Islamic Banking

Emirates Islamic has been a driving force behind the transformation of the Islamic banking landscape, redefining what is possible through innovation and digital excellence. The Bank has harnessed cutting-edge technologies and a forward-looking strategy to deliver exceptional value for customers, employees and society.

At the heart of this progress is the Bank's investment in digital transformation. As an early adopter of transformative technologies, Emirates Islamic has consistently leveraged digital tools to streamline operations and enhance customer experiences. Its flagship mobile banking app offers customers seamless access to a wide range of services, from account management to investment options. By introducing digital onboarding, the Bank has simplified account opening processes, allowing customers to begin their financial journeys remotely, reflecting its commitment to convenience and accessibility.

Emirates Islamic's embrace of artificial intelligence (AI) and machine learning (ML) has further cemented its status as an industry pioneer. The Bank has deployed AI-powered chatbots and virtual assistants to provide round-the-clock customer support, delivering personalised experiences and simplifying complex financial interactions. Predictive analytics powered by ML enhances operational efficiency by anticipating customer needs, identifying fraud and delivering tailored financial advice. Biometric authentication technologies, including facial and fingerprint recognition, have set a new standard for secure and seamless banking.

In its pursuit of innovation, the Bank is also exploring the potential of digital currencies and blockchain technology. By staying attuned to developments in Central Bank Digital Currencies (CBDCs) and the growing adoption of cryptocurrencies, Emirates Islamic is preparing for a future where digital assets and decentralised finance reshape the financial ecosystem.

From leveraging Straight Through Processing (STP) to automating decision-making through its Document Management System (DMS), Emirates Islamic has continually embraced systemic innovation to optimise processes and deliver unmatched efficiency. By prioritising innovation and adopting emerging technologies, the Bank reinforces its role as a transformative force in the UAE's financial sector, a role it has played for 20 years and will continue to evolve in the years to come.

> "For 20 years, Emirates Islamic has proven that innovation isn't just about technology – it's about transforming lives, empowering progress and redefining the future of Islamic banking."

Empowering People: Building a Culture of Growth and Excellence

Emirates Islamic has recognised that its employees are the cornerstone of its success. The Bank has cultivated a workplace culture that nurtures talent, prioritises wellbeing and celebrates diversity. By investing in its people, Emirates Islamic has delivered growth while also empowering its workforce to achieve excellence and make meaningful contributions to the Islamic banking sector.

Central to the Bank's approach is its commitment to talent development. Emirates Islamic offers comprehensive learning and development programmes that cover technical skills, leadership training, and personal growth. Mentorship and coaching initiatives connect high-potential employees with seasoned professionals, fostering career progression and the Bank's next generation of leaders.

> "At Emirates Islamic, success begins with our people. Together, we're shaping a future built on growth, innovation and shared prosperity."

Emirates Islamic is also deeply committed to Emiratisation, actively supporting and developing the talent of UAE Nationals to become the country's future leaders. Through tailored programmes and initiatives, the Bank fosters their growth, ensuring they are equipped to lead and innovate in the Islamic banking sector.

Employee wellbeing is another cornerstone of Emirates Islamic's success. The Bank champions work-life balance through flexible arrangements, such as remote work and adaptable hours, ensuring employees can harmonise their personal and professional lives. Wellness programmes, including fitness challenges, health screenings and mental health workshops, demonstrate the Bank's holistic approach to employee care.

The Bank's inclusive and diverse workplace environment further reflects its dedication to empowering its people. Emirates Islamic promotes diversity and inclusion by fostering a culture where individuals from all backgrounds feel valued and supported. Equal opportunity policies ensure fairness across the organisation, while targeted initiatives empower women to take on leadership roles and actively shape the Bank's future.

Emirates Islamic's engagement initiatives ensure that employees remain motivated and aligned with organisational goals. Through regular feedback mechanisms, team-building activities and rewards programmes, the Bank actively listens to its employees and fosters a sense of community. For Emirates Islamic, investing in its people is not just a strategy – it is a reflection of its belief that true progress is driven by the collective strength of a motivated, supported workforce.

Giving Back:
20 Years of Building a Better Society

Emirates Islamic has exemplified the spirit of giving and sustainability. Driven by a deep commitment to its Islamic values, the Bank has consistently invested in society, championing charitable initiatives, sustainable practices and community support programmes. Emirates Islamic's efforts have touched lives and paved the way for a more inclusive and prosperous future.

A pioneer in sustainability, Emirates Islamic has led the Islamic finance sector with innovative projects that promote environmental and social progress. As the first Islamic bank to issue a Sustainability Sukuk, the Bank has channelled funds into projects that positively impact the environment and society. Through transparent ESG reporting, Emirates Islamic shares its journey in adopting responsible business practices, while adhering to Islamic sustainable finance regulations that align with global efforts to build a more equitable and eco-friendly economy.

The Bank's dedication to community support is most evident during Ramadan, a time of reflection and generosity. Emirates Islamic's Meer Ramadan initiative, in collaboration with the Tarahum Charity Foundation, provides essential food supplies to families in need. Additionally, the Bank ensures that thousands enjoy iftar meals, fostering a sense of community and solidarity during the holy month. These efforts fulfil a vital social purpose, reflecting the Bank's commitment to addressing food security.

Beyond seasonal initiatives, Emirates Islamic makes a lasting impact through programmes such as Sanad Cards, which offer financial aid to orphans, widows and people of determination. The Bank's contributions to prisoner debt settlements facilitate family reunions, while its investments in education provide scholarships and resources to underprivileged students. Emirates Islamic's Zakat distribution and disaster relief efforts further extend its reach, addressing urgent needs and supporting those affected by crises.

By blending sustainability with social responsibility, Emirates Islamic has solidified its role as a transformative force in society. The Bank has continually worked to improve lives while remaining true to its values. For Emirates Islamic, the past 20 years represent a shared journey toward building a better, more compassionate world.

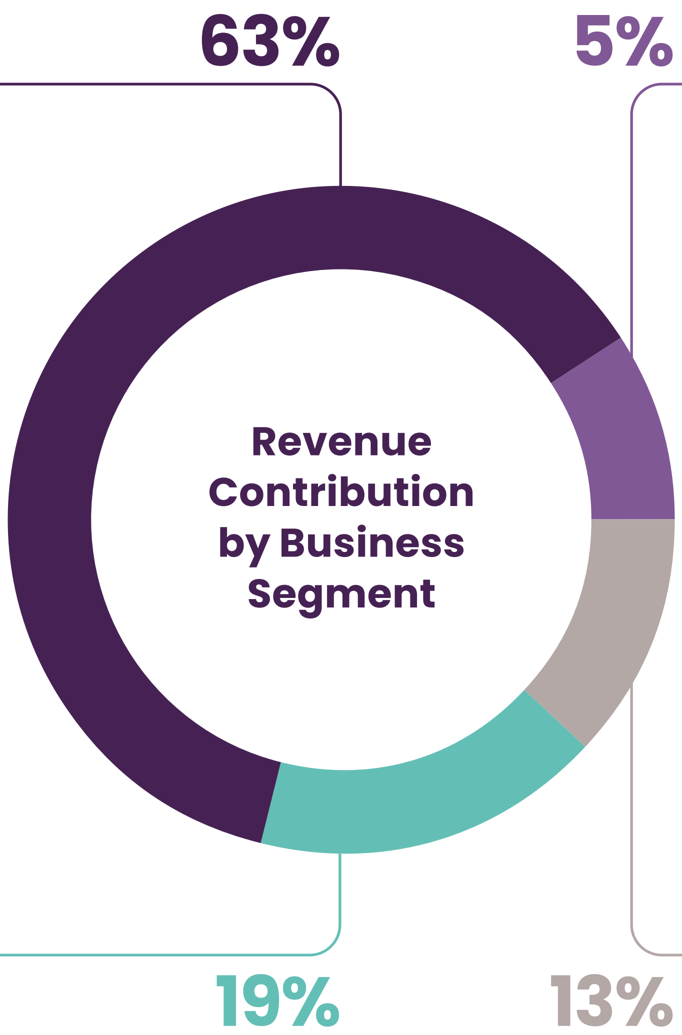
> "Through innovation, sustainability and unwavering compassion, Emirates Islamic is creating a legacy of giving that transforms lives and strengthens communities."

At a Glance

The Fastest Growing Islamic Bank in the UAE

Emirates Islamic has set the standard for Shariah-compliant banking. Our comprehensive range of products and services are designed to create value for our large and growing network of individual, SME and corporate clients through our broad distribution network across the UAE.

Emirates Islamic is the third largest Islamic bank in the UAE by total assets and is a publicly listed company, wherein Emirates NBD holds a 99.9% stake.



Retail Banking and Wealth Management

Comprising of Personal Banking, Private and Priority Banking, and Business Banking.

Offering:
- Current Accounts
- Savings Accounts
- Deposit Accounts
- Credit Cards
- Financing Solutions
- Wealth Management Services

Corporate and Institutional Banking

Comprising of Corporate Banking, Structured Finance and Syndication, and Financial Institutions.

Offering:
- Term Financing
- Working Capital Financing
- Trade Financing
- Project Financing
- Syndicated and Club Financing
- Structured Financing
- Cash Management Solutions
- Digital Offerings

Treasury and Markets

Comprising of Assets and Liabilities Management, Sales and Structuring, Flow and Execution, and Business Management Support.

Offering:
- FX Products: FX Digital Platform, FX Spot, Wa'ad and Options
- Yield Enhancing Deposit Products: Floored Floater, Collared Floater, Range Accrual
- Rates Products: Profit Rate Swaps, Equity Execution, Funds Execution, Wakala Deposit, Sukuk

Other Segments

Awards and Recognition

MEA Finance Industry Awards 2024
Best Islamic Bank for SMEs
Best Bond Issue of the Year

World Finance Islamic Finance Awards 2024
Best Islamic Bank in the UAE
Best SME Bank in the UAE
Best Islamic Bank for ESG
Best Innovation in Mobile Banking

Islamic Finance News Awards 2024
Best Overall Islamic Bank
Most Innovative Islamic Bank

Euromoney Islamic Finance Awards 2024
Most Innovative Islamic Bank

International Finance Awards 2024
Best Islamic Retail Bank
Best Islamic SME Bank

The Digital Banker Global Islamic Finance Awards 2024
Best Islamic Card – Switch Cashback Visa Credit Card

An Innovative and Agile Force in Islamic Banking

Emirates Islamic is a young, dynamic and rapidly growing Islamic bank, already established as the third largest in the UAE with a robust AED 111 billion balance sheet.

Backed by the strength of Emirates NBD and the Government of Dubai, EI combines resilience – demonstrated by its CAR of 19.1% and a coverage ratio of 142.3% - with agility and innovation to deliver comprehensive, Shariah-compliant financial solutions across all segments. With a brand value soaring to USD 550 million EI is deeply rooted in values of transparency, fairness, and empathy, making it a transformative force in the Islamic banking sector.

The Bank continued to excel and accelerate, with AED 5.4 billion total income in 2024, achieving a remarkable 30% CAGR since 2021. As the seventh most profitable bank in the UAE, with AED 2.8 billion in net profit for the year, EI significantly enhanced value through a higher Group net profit contribution and an 80-place brand value leap since 2022. Marking another milestone, EI issued its first sustainable Sukuk worth USD 750 million, solidifying its position as a forward-thinking leader in Islamic banking and sustainability.

Purpose Framework

Our Vision
To be the most innovative Shariah-compliant bank for our customers, people, and communities

Our Purpose
To create opportunities to prosper

Our Values
Collaboration
Ownership
Drive
Enterprising

Strategy

Grow Market Share
See page 25

Accelerated Digitisation
See page 26

Differentiated Customer Experience
See page 27

People Development
See page 27

Key Highlights and Metrics

Financial

Net Profit (AED)
2.8 bn
+32.5%

Total Assets (AED)
111 bn
+26.6%

CASA % of Total Deposits
70.0%

Customer Deposits (AED bn)

2024	76.8
2023	61.3

+25.2%

Cost to Income Ratio (%)

2024	30.7
2023	37.2

Improved by
6.5%

Revenue (AED bn)

2024	5.4
2023	4.8

+12.6%

Non-Financial

STP
≈100+
Journeys Optimised

Digital Coverage
Account Opening +88%
Credit Card +89%

Women in Leadership
24%

Emiratisation Rate
+39%

Charitable Contributions (AED)
37 mn

EI + Users
500K+

At a Glance continued

Investment Case

1 A Leader in Shariah-Compliant Banking Solutions in the UAE

- First Islamic bank in the UAE to launch a digital wealth offering and equity trading on its mobile banking app called EI+
- Launched first sustainable Sukuk worth USD 750 million and introduced fractional Sukuk
- Raised USD 500 million Club Financing Facility – first AAOIFI Standard 59 compliant structure by a UAE Bank
- Introduced innovative product structures, such as Dual Tranche Murabaha, thereby increasing the flexibility of Shariah-compliant solutions.

2 Robust Financial Strength Driving Performance

- One of the most profitable banks with 32.5% Net Income growth
- Fastest growing Islamic bank with 26.6% growth in Total Assets
- Most improved Cost to Income Ratio of 30.7% in the market
- Lowest cost of funding in the market, with CASA to Deposit ratio of 70.0% further strengthening balance sheet growth
- Strong capital and liquidity combined with a healthy deposit mix and strong coverage ratio.

3 Investing in Innovation and Technology to Drive Digitisation

- First Islamic bank in the world to launch WhatsApp Banking, embedded with a live chat feature
- Enhanced digital banking on mobile banking app EI+ and businessONLINE
- Introduced instant Digital Account Opening for ease of use and customer convenience
- Approximately 100+ journeys optimised by STP, delivering cost efficiencies
- Expanded API Banking capabilities, offering streamlined financial solutions that meet diverse client needs
- Digitisation efforts and investment driven jointly with Emirates NBD Group.

4 Socially Responsible Towards Customers, Communities and Employees

- Committed to ESG through the development of a Sustainable Finance Framework
- Emirates Islamic Charity Fund contributed to a range of charitable initiatives
- Creating a progressive culture that promotes employee engagement and talent growth.

Driving Value for Stakeholders Through Innovation and Strategic Alignment

Purpose

Create opportunities to prosper

Organisational Structure

Emirates Islamic, the flagship Islamic banking arm of the Emirates NBD Group, consists of three business segments:

- Retail Banking and Wealth Management ("RBWM")
- Corporate and Institutional Banking ("C&IB")
- Treasury and Markets ("TRY")

How We Create Value

Return on Equity ("ROE")

ROE, 2024 vs 20.5% in 2023

21.8%

Measuring our profitability in relation to our equity.

The Emirates Islamic Difference:
One of the market leading return profiles.

Capital

Core Tier 1 ("CET 1") %, 2024 vs 18.9% in 2023

18.0%

Money obtained from retained EI profits and ENBD Group shareholding.

The Emirates Islamic Difference:
Maintaining healthy capital ratios.

Funding

Net Profit Margin, 2024 vs 4.7% in 2023

4.3%

Funds received from financers and customer deposits.

The Emirates Islamic Difference:
Strong retail deposit base and CASA balances.

Assets

Total Assets, 2024 vs AED 87.8 bn in 2023

AED 111.1 bn

Creating a strong asset base with robust risk management practices.

The Emirates Islamic Difference:
Providing customers with diversified products and services.

Income

Total revenue, 2024 vs AED 4.8 bn in 2023

AED 5.4 bn

Revenue from financing and investment products, and fee and commission income.

The Emirates Islamic Difference:
Strong balance sheet and comprehensive offerings delivering steady income.

Profits

Net profit, 2024 vs AED 2.1 bn in 2023

AED 2.8 bn

Earnings after accounting for all expenses including provisions.

The Emirates Islamic Difference:
Continue to drive income, while managing costs and risk.

Stakeholder Value Created in 2024

Customers

Customer centricity is at the core of our vision and strategy as we continuously aim to deliver superior customer experience and excellence.

Total Active Clients

≈800,000+

Customer Satisfaction Score

87%

Communities

We strive to contribute towards society in promoting an equitable creation of wealth and a prosperous economy.

Charitable Contributions

AED 37 mn

Government

We are aligned with the government's vision and strategic objectives towards creating long-term socio-economic impact.

Government Housing Programmes Partnerships

Driving SME Development and Diversification

Employees

We invest in creating a high-performance organisation promoting employee engagement, a progressive culture, Emiratisation, and talent development.

Women in Leadership

24%

Emiratisation Ratio

39%

Investors

We endeavour towards delivering robust returns and long-term value creation for our investors.

ROE

21.8%

A Demonstration of Economic Strength and Resilience in 2024

The global economy displayed resilience in 2024, with advanced economies expanding steadily and emerging markets showing varied growth. The UAE, alongside the Bank's other key international markets, focused on diversification, investment, and stabilising policies, underscoring collective efforts to sustain progress amid global challenges.

Global Economic Overview: Resilience in Advanced Economies

The global economy showed steady progress in 2024, as inflation eased across many regions, prompting key central banks to lower interest rates. Advanced economies, led by a resilient U.S. economy that defied expectations of a significant slowdown, expanded at a moderate pace.

Emerging markets drove most of the year's growth, though performance varied. India's economy sustained strong growth, fuelled by reforms and robust investment. In contrast, China faced challenges in achieving target growth rates due to subdued consumption and investment linked to a lingering property market debt crisis.

The slowdown in global inflation provided central banks in major markets – including the U.S., Eurozone, China, and the UK – with room to cut interest rates. Nonetheless, vigilance remains essential as the risk of inflation re-emerging could impact global growth. Additionally, the long-term trajectory for interest rates appears to have shifted higher.

The UAE: Sustained Economy Growth and Diversification

The UAE is poised for another strong year of economic activity in 2024, with the non-oil economy projected to grow by 5%. Dubai's economy expanded by 3.2% in the first half of the year, maintaining a steady growth rate of over 3% for six consecutive quarters. Meanwhile, Abu Dhabi recorded robust economic activity, with its economy growing by 5.7% year-on-year in the first half of 2024.

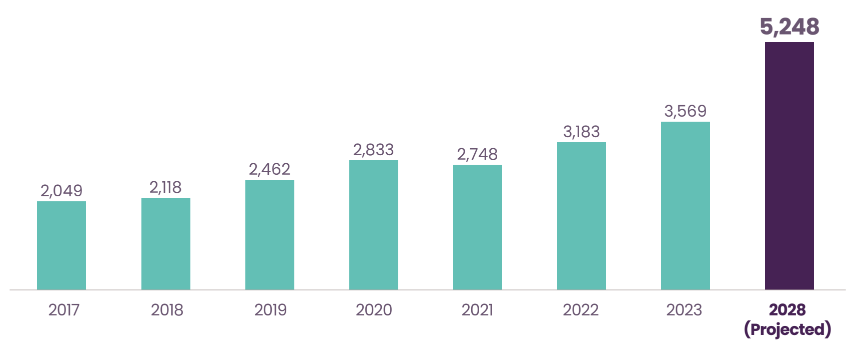
Key sectors driving growth across the UAE include transport and storage, which have shown significant expansion in both Dubai and Abu Dhabi. Hospitality and financial services have also recorded strong levels of activity, contributing to the overall economic momentum. Inflation has remained stable at an average of 3.3% in Dubai, slightly higher than in 2023, with housing emerging as the primary driver. Record levels of property transactions have pushed capital values higher, influencing the inflation rate.

The UAE has continued to bolster its global economic ties by signing new comprehensive economic partnership agreements with various countries. These agreements now encompass nearly 40% of the country's total exports by value, enhancing trade flows and reinforcing the UAE's position as a key player in international commerce.

> The UAE is poised for another strong year of economic activity in 2024, with the non-oil economy projected to grow by 5%."

Islamic Banking Assets Growth

(2017-2023, USD billion)



Source: ICD - LSEG IFD report 2024

The Global Islamic Finance Market & the UAE's Growth and Leadership

The global Islamic finance market is estimated to have reached USD 3.8-4 trillion by 2024 and is projected to grow at a compound annual growth rate ("CAGR") of 7%-9%, potentially reaching USD 5.2-5.3 trillion by 2028. The UAE has emerged as a key player in this expanding market, with Islamic banking assets accounting for 23% of the country's total banking assets, reflecting 16% growth over the past five years. The introduction of local-currency Treasury Sukuk ("T-Sukuk") by the UAE Federal Government has further bolstered the Sukuk market, encouraging broader issuance and participation.

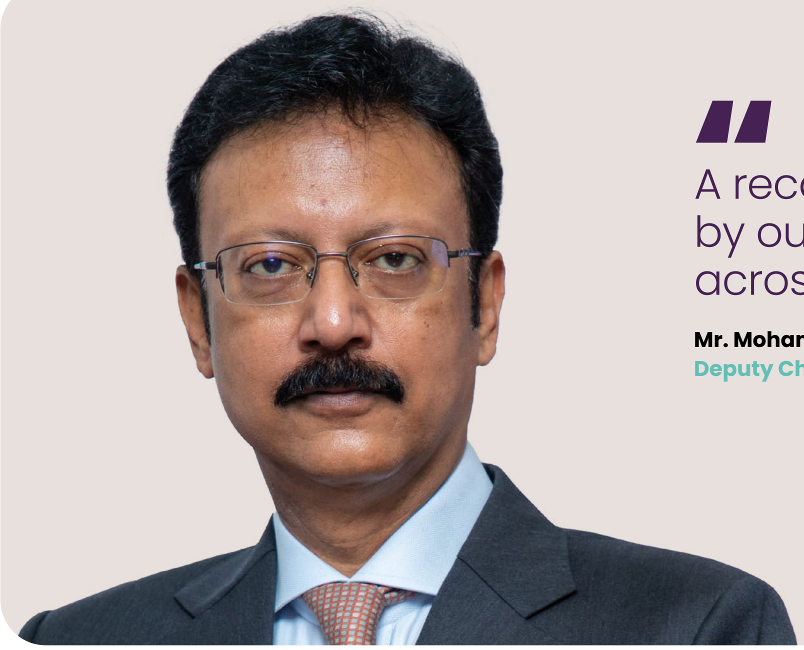
Digital Islamic banks are increasingly contributing to innovation and financial inclusion. In 2024, Ruya Bank, a fully digital Islamic community bank, launched in the UAE, while Nomo Bank enabled UK banking for UAE residents, offering a seamless international banking experience with saving and financing options. These developments highlight the growing integration of digital solutions in Islamic banking.

The UAE remains a leader in Sukuk issuance, with volumes doubling in 2023 following the launch of the T-Sukuk and record-breaking green and sustainability Sukuk issuances. The UAE's Ministry of Finance, in partnership with the Central Bank, issued dirham-denominated T-Sukuk to develop the local currency bond market, diversify financing sources, and attract both local and international investors. In 2023, UAE-based issuers accounted for 33% of global sustainability Sukuk, totalling USD 4.4 billion, driven by the region's commitment to the energy transition and ESG financing frameworks of COP28.

Shariah governance in the UAE is overseen by the Higher Shariah Authority ("HSA"), which ensures Islamic financial institutions operate in compliance with Shariah principles, maintaining the integrity and credibility of the industry. By promoting Shariah compliance, the HSA bolsters investor confidence, financial stability, and the growth of Islamic finance. Efforts to standardise Shariah documentation and principles across the GCC are expected to gain momentum, requiring collaboration among regulators, financial institutions, and industry stakeholders to support the expansion of Islamic financing in the region.

This leadership in Islamic finance is supported by the UAE's strategic location, robust financial regulations, and strong commitment to ESG principles. With its growing market share, innovative banking solutions, and increased focus on sustainability, the UAE is solidifying its position as a global hub for Islamic finance.

Deputy Chief Executive Officer's Message



"A record growth driven by our focused execution across strategic priorities."

Mr. Mohammad Kamran Wajid
Deputy Chief Executive Officer

At Emirates Islamic, 2024 has been a year of remarkable achievement, marked by solid growth and our best-ever financial performance yet. These results are a testament to our focused execution across strategic priorities and the collaborative synergies with Emirates NBD Group. By leveraging the Group's strength, we have advanced our market position, delivering exceptional value to our stakeholders, and setting a strong foundation for future growth.

Asset growth during this period reflects our focus on key initiatives including driving customer acquisition, expanding our product suite, enhancing customer experience, developing Emirati talent, and ensuring smooth operations. Beyond the exceptional results of this year, we are continuing to invest in each of these critical areas to maintain our competitiveness.

We are capitalising on the momentum of our digital transformation to enhance efficiency and customer satisfaction. Our focus on implementing Straight Through Processing solutions and streamlining product journeys has yielded significant improvements in our operations. We remain vigilant about emerging trends such as open banking, positioning ourselves to adapt and lead in this evolving financial landscape.

Customer experience remains at the heart of our strategy. We continue to invest in initiatives that enrich interactions across multiple touchpoints, reducing friction and creating seamless, personalised journeys for our customers.

These efforts align closely with our commitment to sustainability, as we focus on long-term value creation for our business and society. Guided by our vision for a more sustainable future, we are aligning with CBUAE regulations to enhance compliance in sustainable finance, ensuring that ESG principles underpin our operations and growth.

The strong performance this year reflects our ability to effectively execute our strategy, passion to innovate, customer-centricity, and sustainability. As we look ahead, we are determined to build on this success, driving further value for our stakeholders while maintaining our position as a leader in Islamic banking.

We are dedicated to executing our Strategy 2023–2025, which is built around four strategic pillars. These pillars are closely aligned with our ESG commitments and ambitions, ensuring that our progress is both responsible and impactful.

Mr. Mohammad Kamran Wajid
Deputy Chief Executive Officer

Our Four Strategic Pillars

Grow Market Share

Driving growth in our market share remains a key strategic focus for Emirates Islamic. Across all our business segments, we strive to increase the share of wallet among our existing clients while attracting new-to-bank customers.

In Corporate and Institutional Banking ("C&IB"), driving growth in the Mid-Market Segment remains a top priority, reflected in the acquisition of new-to-bank clients and strengthening relationships with our existing customer base on the back of buy-outs from other banks. Our Financial Institutions business achieved notable growth in 2024, underpinned by a strategic focus on multilateral lending, diversifying our funding base.

In Retail Banking and Wealth Management ("RBWM"), we have elevated our Employee Banking Proposition through impactful referral programmes and targeted campaigns, successfully onboarding new partners by offering their employees an exceptional banking experience. This includes innovative financial services and tailored products designed to meet their specific needs. Retail sales coverage continues to grow steadily across both physical and digital channels, enhancing accessibility and convenience.

In Treasury and Markets ("TRY"), pioneering products such as fractional Sukuk and quick remittance services have improved accessibility to Islamic finance. Aligning with our ESG commitments, we are advancing our sustainable finance offerings, including the issuance of ESG Sukuk, further cementing our position as a leader in responsible finance.

"Aligning with our ESG commitments, we are advancing our sustainable finance offerings, including the issuance of ESG Sukuk, further cementing our position as a leader in responsible finance."

Strategic Pillars Continued

Accelerate Digitisation

We are committed to accelerating digital transformation to provide our customers with fast, easy, and secure access to a range of services and solutions powered by cutting-edge technology and innovation.

A key achievement this year was the launch of our new mobile banking app, EI+, along with the smooth migration of our entire customer base to this enhanced platform, which was effectively managed to ensure continuity while introducing a range of straight-through services for enhanced efficiency and ease of use.

Notably, our new Digital Wealth Management Platform allows customers to open investment and Sukuk accounts and trade local and international equities directly through the app – a first in Islamic banking. Additionally, Digital Account Opening has simplified onboarding for non-Emirates Islamic customers, providing a fully digital process and removing the need for branch visits.

Further initiatives reflected our commitment to digital transformation. Our enhanced Electronic Trading Platform now delivers a more integrated and comprehensive FX experience for clients and relationship managers. The updated WhatsApp Chat Banking supports an expanded range of transactional features, providing greater flexibility for customers. Moreover, the modernisation of our ATM, CDM and ITM network has introduced advanced features, enhancing the digital banking experience across the UAE. These initiatives underline our focus on delivering innovative and practical solutions to meet evolving customer needs, while continuing to support our branch network.

As we continue to drive our digital agenda, we remain committed to delivering innovative solutions that empower our customers and complement our branch network, unlocking the full potential of digitisation across Emirates Islamic.

Enhance Customer Experience

We remain focused on enhancing customer experience by delivering high-quality service and simplifying customer interactions.

Key initiatives have been introduced to improve our NPS and CSAT scores, particularly within our branches, where Service Ambassadors play a vital role in reducing wait times and ensuring a smoother experience. Significant progress has also been made in complaint resolution, achieving a 97% turnaround time ("TAT") through streamlined processes, enhanced collaboration, and proactive data-driven monitoring.

Our commitment to service excellence is further supported by substantial investments in straight-through processing ("STP") initiatives, which have improved response times and ensured prompt handling of customer requests.

Additionally, our IVR system has been simplified to provide easier access to agents, addressing customer needs more efficiently. To maintain consistency and quality, we continue to invest in staff training programmes that equip our teams with the skills needed to deliver exceptional service at every touchpoint.

People Development

We are redefining our Employee Value Proposition to foster a high-performance organisation, positioning ourselves as an employer of choice while strengthening our culture of agility, empowerment, and inclusivity.

Our focus on building a strong employer brand and cultivating a high-performance culture is underpinned by initiatives across five key areas.

In Employee Experience, we prioritise alignment with the Emirates NBD Group's objectives while maintaining staff engagement to create an environment where employees feel valued and supported. Our efforts to enhance Organisational Culture centre on embedding our values, CODE, and advancing diversity and inclusion. Emiratisation remains a strategic priority, as we work to meet UAE Central Bank targets and establish ourselves as the preferred employer for Emirati talent. In line with our Talent Philosophy, we are revamping recruitment strategies, enhancing current talent, and preparing successors for key roles.

Finally, through Learning and Development, we continue to invest in upskilling and reskilling our workforce, ensuring our people are prepared for the evolving demands of the future of work.

Chief Financial Officer's Message

> "We achieved a significant increase in net profit, underscoring our ability to deliver value to stakeholders while maintaining rigorous cost discipline and enhancing revenues."
>
> **Ms. Huda Sabil Abdulla**
> **Chief Financial Officer**

As we celebrate 20 years of collective progress, Emirates Islamic achieved remarkable financial milestones in 2024.

The Bank's financial performance in 2024 reflects a year of strategic focus and operational excellence. We achieved a significant increase in net profit, underscoring our ability to deliver value to stakeholders while maintaining rigorous cost discipline and enhancing revenues.

Emirates Islamic recorded our highest ever net profit of AED 2.8 billion, a substantial rise of 32.5% over 2023 and unparalleled revenue of AED 5.4 billion, growing by 12.6%, driven by strong core business performance. Expenses ended the year at AED 1.6 billion, down by 7.2%. Operating profit increased by 24.2%.

Strong capital and liquidity combined with a healthy deposit mix enabled the Bank to better support customers, with a 31.1% increase in customer financing to AED 70.5 billion, accentuating our progressive growth.

Customer deposits stood at AED 76.8 billion, a growth of 25.2% compared to the previous year, with CASA balances making up 70.0% of total deposits.

Our Common Equity Tier 1 ("CET1") ratio at 18.0% remained robust, reflecting the strength of the Bank's capital base and our commitment to sound risk management practices. Our healthy capital ratio highlights the financial stability and readiness to support future growth opportunities. We maintained an impressive coverage ratio of 142.3%, underscoring our prudent provisioning policies and proactive approach to safeguarding our asset quality.

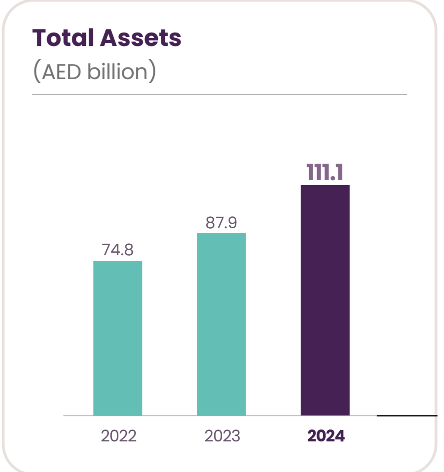
Profit before tax was an impressive AED 3.1 billion, a 45.6% increase over 2023. This was particularly significant in highlighting our ability to absorb the introduction of corporation tax and still deliver record profits.

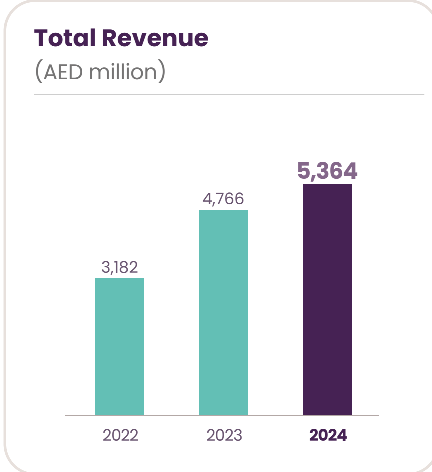
Having delivered the most successful financial results in Emirates Islamic's history, we continue our strategic investments into future growth and diversification, particularly technology for digital banking, which is reflected in the increased capital expenditure for 2024.

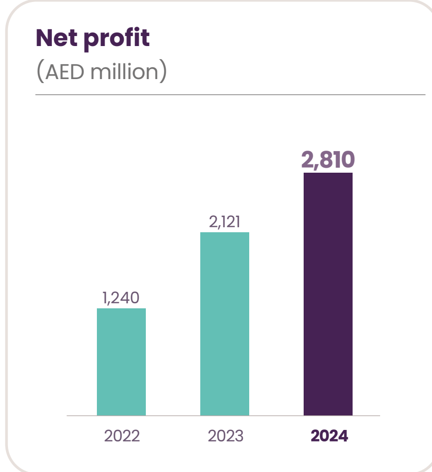
Our cost to income ratio improved substantially compared to previous years, highlighting the enhanced operational efficiency and effective cost management which resulted in a 7.2% reduction in operating costs.

Among the many other milestones achieved in 2024, Emirates Islamic arranged its debut USD 500 million syndicated financing facility. The landmark three-year term is the first of its kind raised by a Shariah-compliant financial institution, further strengthening our balance sheet.

The Bank also issued its first Sustainability Sukuk priced at USD 750 million, setting another impressive benchmark in the Islamic finance industry and leading the movement towards a more sustainable economy.







As affirmed by Fitch, the Bank retained its Long-Term Issuer Default Rating ("LT IDR") of 'A+' with a Stable Outlook, and the highest Short-Term IDR rating of 'F1'. As a result of our exceptional operational efficiency and record-breaking performance in profitability, we are proud to deliver significant growth in earnings per share of 32.5% YoY from AED 0.39 in 2023 to AED 0.52 in 2024.

Our phenomenal successes in 2024 are a reflection and a celebration of 20 years of collective progress at Emirates Islamic. Through two decades of expansion, operational excellence and diversification, we have provided our customers with the highest level of Shariah services and played a leading role in advancing the region's Islamic banking sector.

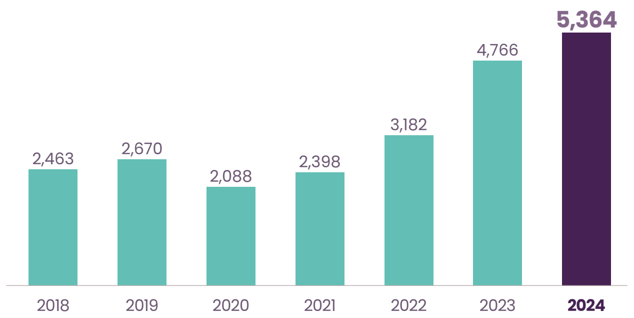
As we continue to realise and raise our ambitions, we are committed to expanding our footprint and maintaining our balance sheet trajectory. In addition to increasing investment in assets and maintaining good liabilities growth, we will continue our focus on technology and innovation, enabling more comprehensive remote services and simplified access for our existing and future customers.

Ms. Huda Sabil Abdulla
Chief Financial Officer

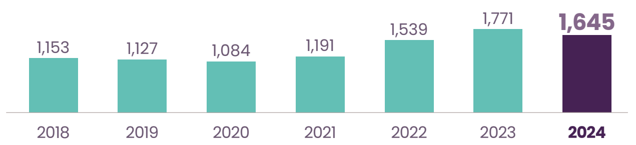
Performance Highlights

Revenues and Costs

Revenues (AED million)

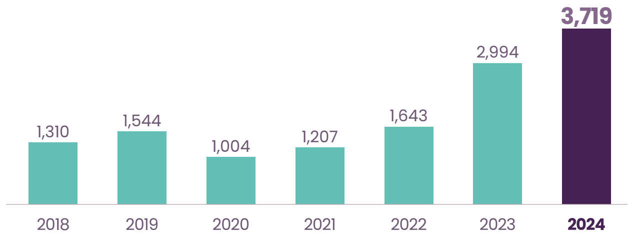


Costs (AED million)

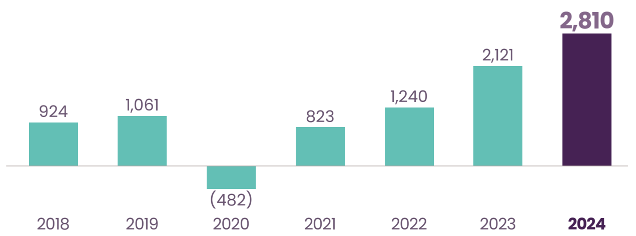


Profits

Operating Profits (AED million)

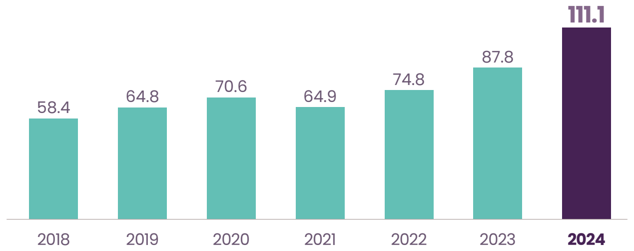


Net Profits (AED million)

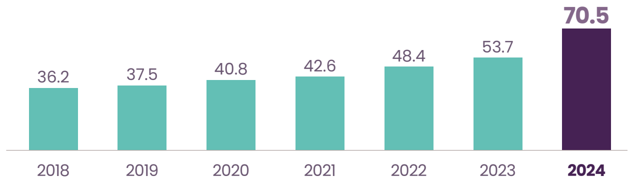


Assets and Financing

Assets (AED billion)

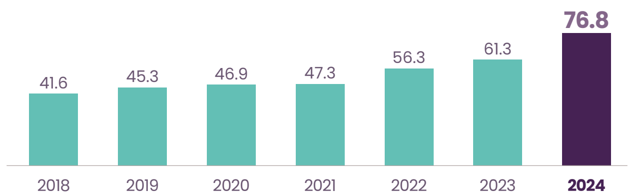


Net Customer Financing (AED billion)

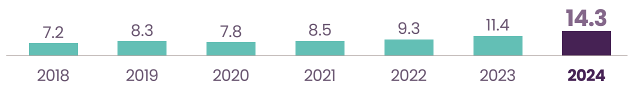


Customer Deposits and Equity

Customer Deposits (AED billion)

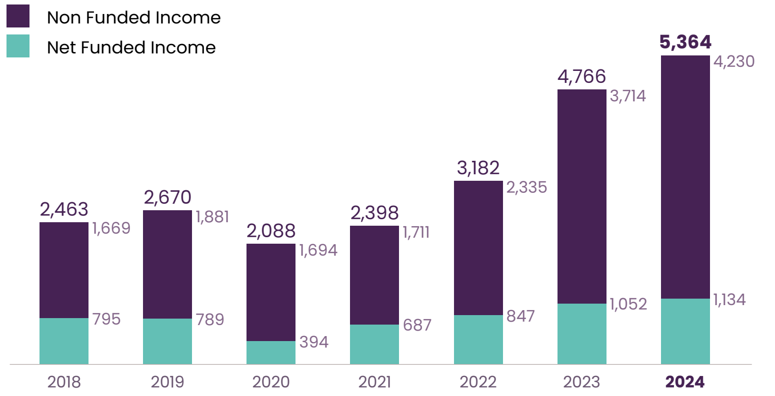


Equity (AED billion)



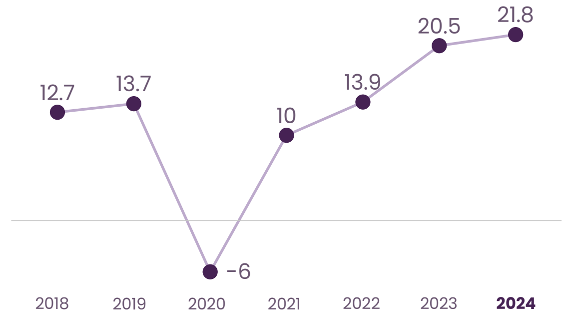
Sources of Operating Income

(AED million)



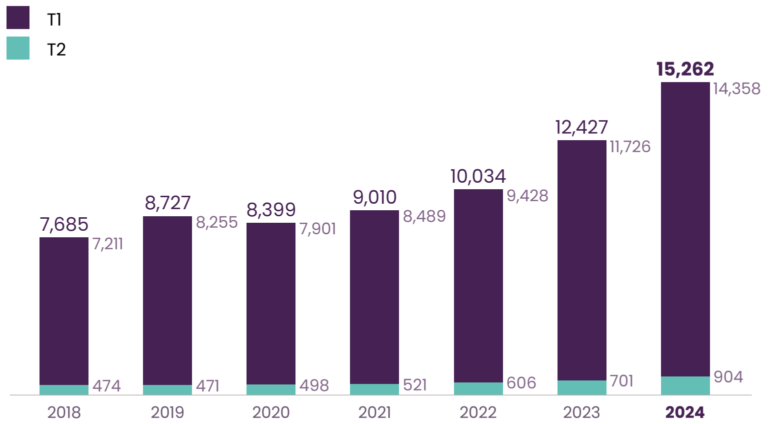
Return on Tangible Equity

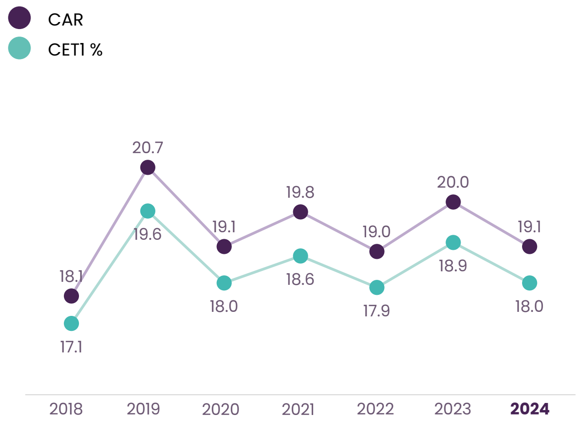
(%)



Capitalisation

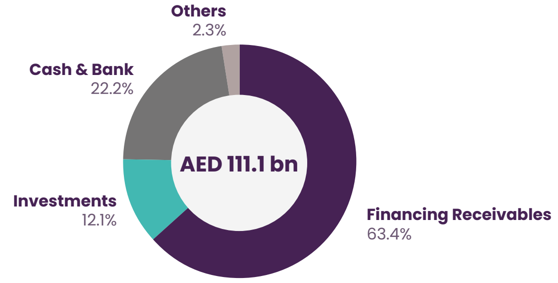
(AED billion)



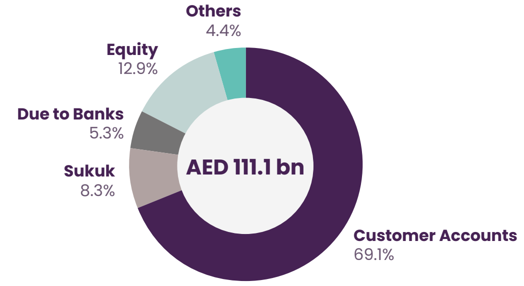


Balance Sheet Analysis

Assets



Liabilities and Equity



Retail Banking and Wealth Management

"2024 marked another year of significant progress for Retail Banking & Wealth Management ("RBWM") delivering better than expected results.

Mohamed Al Hadi
Head of Retail Banking and Wealth Management

Income (AED) **3.4 bn** (+14% YoY Growth)	Customer Advances (AED) **43 bn** (+23% YoY Growth)
Net Profit Before Taxation (AED) **1.7 bn** (+57% YoY Growth)	Customer Deposits (AED) **58 bn** (+16% YoY Growth)

The division's outstanding performance highlights the success of its strategic focus on strengthening customer engagement, expanding lending and deposit portfolios, and leveraging a cost-effective funding structure.

Sector Overview

The RBWM division of Emirates Islamic oversees retail financing and deposits, SME-focused business banking, and wealth management segments, catering to a broad spectrum of clients.

For ultra-high-net-worth individuals, the Bank offers bespoke Private Banking services, leveraging experienced financial advisors to deliver market access, investment advisory, and specialised Shariah-compliant offerings. Priority Banking provides affluent clients with tailored services, including dedicated relationship managers, preferential pricing, and a range of Shariah-compliant wealth management solutions. Personal Banking serves as the primary growth driver, addressing the banking needs of mass and emerging affluent customers with comprehensive products and services.

Supporting SMEs, Emirates Islamic's Business Banking delivers a wide range of Shariah-compliant solutions, including enterprise accounts, Islamic financing, trade services, and cash management, backed by dedicated business hubs in Abu Dhabi, Dubai, and Sharjah. With a physical network of 40 branches, 1 pay office, and 229 ATM/CDMs across the UAE, the division ensures accessible and comprehensive support for its diverse customer base.

Strategic Priorities

- **Focus on Balance Sheet Growth:** Grow CASA balances and expand asset portfolio with an emphasis on Personal Finance, Lombard, long-term financing, and working capital finance.
- **Enhance Affluent Customer Offerings:** Strengthen Priority and Advantage banking services, focus on acquiring new customers, especially Emirati customers, and expand Wealth Management products.
- **Deliver Excellent Customer Experience:** Consistently deliver high-quality service and simplify customer journeys, resulting in high NPS and CSAT scores across all touchpoints.
- **Accelerate Digital Transformation:** Focus on increasing adoption of tablet banking, streamlining approvals, enhancing CRM, and promoting self-service options via EI+ with new web journeys.
- **Build Brand Awareness:** Distinguish EI from other Islamic banks and showcase its commitment to service.

2024 Progress

Customer Experience: RBWM achieved significant improvements in customer satisfaction, with its Net Promoter Score ("NPS") increasing from 40 to 52 year-on-year and a Customer Satisfaction ("CSAT") score of 87%. Faster complaint resolution was enabled by revamped processes, enhanced collaboration, and proactive data-driven monitoring, raising complaint closure rates to 97% from 85% in 2023. Nearly 100+ Straight-Through Processes ("STP") have been implemented, reducing turnaround times of services and streamlining customer request handling. Branch experiences were further elevated with Service Ambassadors reducing wait times, contributing to a rise in branch CSAT from 86% to 90%.

Digitisation: RBWM solidified its leadership amongst Islamic banks in digital banking, offering seamless experiences through the EI+ mobile app, WhatsApp Chat Banking, and tablet banking. Tablet banking adoption is at 88% of account openings, 89% of credit card issuance, and increasing adoption of personal finance products. The upgraded EI+ mobile app now serves 500K+ customers, with over 400,000+ migrations completed in 2024. Key call centre services were transitioned to self-service on EI+, improving accessibility and efficiency, while WhatsApp Chat Banking has almost 120K subscribers with an 80% satisfaction rate.

Customer Value Proposition: Product innovations included a revamped Emarati Credit Card in collaboration with artist Mattar Bin Lahej, the Reward Plus app for high-value clients, and events like "The Emirati Souq" on Emirati Women's Day. SME customers benefited from value-added programmes, including Employee Banking Referral, Kamel Pay, and WPS Payroll. Investment solutions expanded with the launch of FX Profit Rate Note on USDTRY, six global funds from asset managers like HSBC and TATA, and three local funds from ENBD AM and Franklin.

Brand Awareness: RBWM's refreshed brand identity, positioned as "The Welcoming Bank," reflects its inclusivity and appeal to customers from diverse backgrounds. Supporting ESG goals, the division's Home Finance offerings align with the UAE Government's Housing Programme. These efforts underscore RBWM's commitment to delivering innovative solutions while driving environmental and social impact.

Awards & Recognition

- **MEA Finance Industry Awards 2024:** Best Islamic Bank for SMEs.
- **WORLD FINANCE Islamic Finance Awards 2024:** UAE's Best SME Bank, Best Innovation in Mobile Banking.
- **International Finance Awards 2024:** Best Islamic Retail Bank, Best Islamic SME Bank.
- **The Digital Banker Global Islamic Finance Awards 2024:** Best Islamic Card – Switch Cashback Visa Credit Card.

Strategy in Action

At Emirates Islamic, we successfully introduced tablet banking to transform the account opening process, aligning with our strategic focus on digital transformation and customer-centric solutions. By replacing manual branch processes with seamless digital onboarding, we increased the average digital account onboarding rate from 57% in 2022 to 90% in 2024, reducing account opening time from 3-4 days to the same day. This innovation enhanced operational efficiency, improved customer satisfaction, and stabilised digital onboarding for liabilities and cards. With a roadmap targeting 98% adoption by 2025, we will focus on further enhancing asset product onboarding, driving sustained business performance.

We achieved:

- Paperless onboarding
- Aligned with sustainability objectives
- Reduction in data entry
- Better turnaround time
- State-of-the-art offering to clients

Corporate and Institutional Banking

2024 was a pivotal year for Corporate and Institutional Banking ("C&IB"), bolstering its financing book and deposits.

Vivek Shah
Head of Corporate and Institutional Banking

Income (AED)	Customer Advances (AED)
1.0 bn (+24% YoY Growth)	**28 bn** (+46% YoY Growth)
Net Profit Before Taxation (AED)	**Customer Deposits (AED)**
0.7 bn (+22% YoY Growth)	**19 bn** (+67% YoY Growth)

C&IB's ability to understand, anticipate and react to market conditions, combined with digital investment and product innovation enhanced with an ESG focus have provided business units of C&IB with the tools to maximise its revenue and create value for EI.

Sector Overview

C&IB plays a pivotal role in managing relationships with large public and private sector corporates, financial institutions, sovereign entities, and government-related organisations. It offers a comprehensive suite of services, including working capital finance, trade finance, project finance, syndicated and structured finance, and cash management solutions, tailored to the needs of large and mid-sized clients.

Strategic Priorities

- **Financial Performance:** Achieve high-quality returns by enhancing funding quality and optimising the income mix, with a focus on expanding non-funded income and accelerating balance sheet growth, all while upholding disciplined risk management practices.
- **ESG:** Enhance sustainable finance offerings for clients through innovative product development to drive sustainable growth by utilising the Bank's extensive network to support trade, capital and investment flows across various industries.
- **Digital Solutions:** Continue to prioritise digital solutions, advancing digital transformations and enriching the client experience across multiple touch points.
- **Emiratisation:** Promote, foster and support Emirati talent in further driving the success of the business.

2024 Progress

Pioneering Shariah-Compliant Solutions: C&IB has established itself as a leader in providing innovative Shariah-compliant financial structures, including Islamic Revolving Credit Facilities, Musharaka Structures, and Cash and Trade services, setting it apart from competitors. A key development driven by C&IB is the new Islamic Sale of Debt solution, in accordance with the AAOIFI Shariah Standard. Further, it has played a pivotal role in advancing ESG financing aligned with the UAE's sustainability goals. Additionally, C&IB successfully executed Emirates Islamic's debut USD 500 million Islamic syndicated facility, a first-of-its-kind financing that provided essential liquidity to support the Bank's growth objectives. C&IB also concluded a landmark Term Financing in first-ever Shariah-compliant financing in this nature.

Driving Digital Transformation in Banking: C&IB has invested in digitisation to integrate advanced banking technology across its operations. It launched a state-of-the-art digital ecosystem that allows clients to manage cash and trade requirements seamlessly via a single sign-on platform, reducing paperwork and enhancing efficiency. The division also expanded its API Banking capabilities, enabling clients to share data, integrate systems, and personalise services, offering streamlined financial solutions that meet diverse client needs.

Enhancing Customer Experience Through Innovation: As the banking sector races to implement industry innovation, Emirates Islamic continued to invest heavily in digitisation. In 2024, we integrated new banking technology even further throughout the division, maximising STP journeys, not only across cash and trade, but also in financing ensuring a smoother banking experience.

Investing in Emirati Talent: To strengthen its sectoral expertise and enhance market coverage, C&IB onboarded young Emirati professionals, positioning them to drive growth and innovation across key industries. This commitment to nurturing local talent underscores C&IB's role in supporting the UAE's national development goals while building a dynamic and skilled workforce.

Strategy in Action

C&IB continues to focus on promoting digital servicing to enhance efficiency and client experience. 74% of our clients are registered on the businessONLINE platform, EI's online corporate banking servicing platform available both as a web portal and mobile app. Approximately 96% of all transactions were processed through the platform in 2024, which is an improvement from 93% the previous year. This has been achieved by creating awareness and encouraging adoption over the years.

Project Simplify was introduced in 2023 with the main objective of enhancing client experience by creating 40+ simple intuitive, user-friendly digital journeys for service requests, such as KYC updates, real time tracking/status updates, letters, and certificate issuances. This has led to 60% of all client service requests being self-served on businessONLINE by leveraging Project Simplify journeys.

We achieved:

- 96% of all transactions on businessONLINE platform
- 40+ user-friendly digital journeys
- 60% of all client requests now self-served

Treasury and Markets

Treasury & Markets delivered consistent performance in 2024, setting new benchmarks in innovation, performance and client engagement.

Ebrahim Qayed
Head of Treasury and Markets

Income (AED)
0.3 bn

Net Profit Before Taxation (AED)
0.2 bn

A combination of active balance sheet management, launch of new products and services, and strong customer flow business, resulted in record performance.

Sector Overview

Treasury and Markets offers a comprehensive range of Islamic products across Money Markets, Foreign Exchange ("FX"), and Derivatives.

The Assets and Liabilities Management Desk plays an instrumental role in immunising the Bank's Net Funded Income while effectively managing both short and long-term liquidity and profit rate gaps. The Sales and Structuring Desk adeptly navigates market volatility with client suitability, leveraging through a diverse range of Options, Wa'ad, and Swaps variants.

Meanwhile, the Flow and Execution Desk provides seamless execution services across all Bank channels and direct dealing clients covering FX, Banknote, Sukuk, Equities, Funds, and Structured Notes. Supporting operational excellence is the Business Management Support Desk, a dedicated non-dealing team responsible for the overall governance of the Treasury Front Office functions. With a strong emphasis on innovation, digitisation and client-centred growth, Treasury and Markets' dedicated teams and focused strategic initiatives underscore its commitment to the UAE's vision, while its project execution and achievements illustrate its progressive approach and resilience.

Strategic Priorities

- **Strengthening Client and Market Relationships:** Focus remains on building lasting relationships by offering tailored financial solutions, backed by a firm commitment to operational excellence and high standards of service.
- **Enhancing Product Suite:** Dynamic expansion of product suite that offers customised risk management and yield enhancement tools for the Bank's esteemed clients.
- **Expanding Market Accessibility:** Expanding market reach across Interbank products and strengthening presence as a valuable partner in the regional and international markets.
- **Driving Digital Transformation:** Enhance EI's digital infrastructure to provide clients and relationship managers with advanced tools for efficient and real-time financial transactions, making the client experience seamless and accessible.
- **Commitment to a Sustainable UAE:** Focus on expanding EI's sustainable offerings, including the issuance of pioneering ESG Sukuk to finance commercial ESG assets.

2024 Progress

Interim and Upfront Profit Wakala: Rolled out innovative Wakala products, Interim Profit Wakala and Upfront Profit Wakalas, providing clients with flexible profit payout options.

Islamic Repo based on Dual Wa'ad Structure: Successfully launched and operationalised the Dual Wa'ad-based Islamic Repo structure, ensuring compliance with Shariah principles while offering an efficient alternative to Collateralised Murabaha arrangements.

Derivative Products: Expanded the suite of derivative products to include innovative and bespoke risk management solutions, enabling clients to effectively manage exposures while leveraging yield enhancement opportunities tailored to their financial needs.

Fractional Sukuk Offering: Introduced fractional Sukuk, allowing clients to diversify portfolios with smaller investments, which aligns with EI's mission to make Shariah-compliant finance accessible to a broader client base.

Digital Sukuk on EI+: Launched digital Sukuk capabilities on the EI+ mobile app, enabling clients to seamlessly invest in Sukuk through digital channels, a key milestone in EI's digital transformation journey.

ESG Sukuk Issuance: In line with its sustainable finance initiative, EI issued its first USD 750 million Sustainability Sukuk, which was oversubscribed 2.8 times. This is the first Sustainability Sukuk issued out of the UAE following the release of the International Capital Market Association ("ICMA"), the Islamic Development Bank ("IsDB") and London Stock Exchange Group ("LSEG") Guidance on Green, Social & Sustainability Sukuk in April 2024.

PRBB (Profit Rate Risk in Banking Book): Managed gaps to increase the banking book duration while reducing the Net Profit Rate Shock sensitivity via On-Balance Sheet and Off-Balance Sheet positions.

Awards & Recognition

- **MEA Finance Industry Awards 2024:** Best Bond Issue of the Year for EI's landmark USD 750 million Sustainability Sukuk.
- **ALM FCY Automation GEM Award:** For pivotal role in automating the Foreign Currency Nostro management.

Strategy in Action

Emirates Islamic successfully issued the UAE's first USD 750 million Sustainability Sukuk, marking a significant milestone in its commitment to sustainable Islamic finance. Oversubscribed 2.8 times, the Sukuk aligns with global ESG standards (ICMA, IsDB, LSEG) and the UAE's Net Zero 2050 goals. Priced at 5.431%, it reinforces the Bank's vision of pioneering sustainable financial solutions.

Supported by Emirates NBD Capital and key partners, this issuance highlights Emirates Islamic's leadership in ESG-linked finance. It also contributes to the Emirates NBD Group's broader sustainability framework, aiming to mobilise AED 1 trillion in sustainable finance by 2030. Emirates Islamic Bank won the "Best Bond Issue of the Year" award at the MEA Finance Industry Awards, reflecting strong global investor confidence. Emirates Islamic remains committed to driving meaningful progress in ESG-aligned Islamic finance.

We achieved:

- UAE's first USD 750 million Sustainability Sukuk
- Oversubscribed 2.8 times
- Supported the UAE's Net Zero 2050 goals & Emirates NBD's AED 1 trillion sustainability pledge

Risk Management

Ensuring Resilience Through Comprehensive Risk Management

Emirates Islamic takes a proactive approach to identifying, assessing, and managing a diverse range of risks that could impact its strategy and business performance.

The Bank employs robust risk governance and management frameworks, which are consistently reviewed and enhanced to address emerging challenges. These frameworks are embedded across the organisation, ensuring that every function and employee plays an active role in mitigating potential risks. Emirates Islamic is committed to continuous improvement in its risk management practices, adapting to evolving circumstances to safeguard the Bank's resilience and long-term success.

Risk Management Framework

In achieving its strategic ambitions, Emirates Islamic navigates a diverse spectrum of risks. The Bank's risk management framework, which is anchored in strong risk culture and values, ensures an integrated approach to identifying, monitoring, managing and mitigating key risks across the organisation.

By fostering robust governance, proactive assessment and a clear understanding of risk appetite and tolerance, the framework enables Emirates Islamic to manage financial and non-financial risks effectively, while maintaining regulatory compliance and aligning with its strategic objectives.

Risk Governance

To ensure comprehensive and effective risk governance, Emirates Islamic's Board of Directors ("the Board") plays a critical role in overseeing a Bank-wide approach to risk management and conducts its oversight mainly through the Board Risk Committee ("BRC"), which presides over the establishment and operations of the Risk Management Framework. This role is further strengthened through the support of the Group Risk Committee ("GRC"), which is a management level committee with representation from Emirates Islamic to emphasise risk management responsibilities.

Board of Directors

Board-Level Committee	Board Risk Committee **BRC**	Board Credit and Investment Committee **BCIC**	Board Audit Committee **BAC**
Executive Committees	Executive Committee **EXCO**	Asset Liability Committee **ALCO**	ENBD Group Risk Committee **GRC**
	ENBD Group Model Risk Management Committee **MRMC**	Management Credit Committee **MCC**	Operational Risk Committee **ORC**

The Group uses the three lines of defence model as an integral component of its risk governance:

First Line of Defence 1

Business units (Relationship and Product) originate risk and are responsible and accountable for ongoing management of such risks. This includes direct assessment, control and mitigation of risks.

Second Line of Defence 2

Risk Management, Shariah Compliance, Credit, Finance and Compliance functions complement the business lines' risk taking activities through approval, monitoring and reporting responsibilities. They are responsible for overseeing the Bank's risk-taking activities and assessing risks and issues independently from the business lines. These functions support Senior Management's role of ensuring risk and controls are effectively managed across the organisation.

Third Line of Defence 3

Independent and effective internal audit and Shariah Audit functions provide independent review and objective assurance on the quality and effectiveness of the Bank's internal control and Shariah compliance system and the effectiveness of first and second lines of defence.

Risk Management continued

Principal Risks

The Bank's risk management framework identifies and defines the material risks encountered in its day-to-day operations, ensuring they are actively monitored and updated to keep pace with an ever-evolving market landscape. Central to this framework is the Risk Appetite Statement (RAS), which outlines the types of levels of risks the Bank is prepared to accept, underwrite or be exposed to during its operations.

Aligned with the Bank's strategic objectives, the RAS is reviewed annually to ensure relevance and effectiveness. It tracks principal risk exposures against predefined thresholds across critical risk metrics, guiding the alignment of business, client, and product strategies with the Bank's risk appetite.

The Enterprise and Regulatory Risk function oversees emerging risks and ensures seamless coordination amongst risk functions. This holistic approach enables the Group to achieve its strategic goals effectively while remaining firmly aligned with its defined risk appetite.

Principal Risk	Risk Description	Risk Oversight	Risk Monitoring and Reporting
Credit Risk	This is the risk of financial loss arising from a debtor's/ counterparty's failure to meet their contractual obligations to the Group. This could arise in various business segments such as Corporate & Institutional Banking, Business Banking, Private Banking or Retail Banking.	There is a well-defined governance structure in place to manage credit risk, including credit concentration risk and country and transfer risk. The GRC, MCC, BRC and BCIC are the main Board and management committees with oversight of credit risk and are supported by the Risk Management and Corporate and Retail Credit units. Their governance is supplemented by forums, systems, policies, underwriting standards, procedures and processes. These stipulate an end-to-end approach for the management of credit risk across the credit lifecycle, from origination to final settlement. The Bank follows prudent financing policies with adjustments made based on portfolio performance and the external environment. There is a team dedicated to recovery from delinquent customers to ensure efficient collections and remedial measures. The Bank has sophisticated early warning triggers in place to identify signs of problems within the financing portfolio and to take rectification measures as needed.	The Bank proactively monitors portfolios and implements strategies considering the external environment, focusing on sustainable growth across business segments. The Bank's well-defined credit policy covers various aspects including the early alert process, monitoring processes, and sectoral appetites. Limit frameworks against name, sector and geography (amongst others) ensure that exposures or potential exposures do not exceed the risk appetite or regulatory limits. The Bank follows the Central Bank of the UAE ("CBUAE") criteria for asset classification and International Financial Reporting Standards 9 reporting requirements, ensuring compliance to delinquency classification and provisioning requirements.
Counterparty Credit Risk	Counterparty Credit Risk ("CCR") is the risk that the counterparty to a transaction could default before the final settlement. The value of Islamic derivative transactions will change with fluctuations in factors such as Profits rates, foreign exchange rates, equities or commodities. The Group is exposed to CCR from its sales, trading and balance sheet management activities.	CCR is managed though the Counterparty Credit Risk Policy. The BCIC is the Board-level committee with oversight of counterparty credit risk. The MCC, GRC and ORC are the Management-level committees responsible for the same and have oversight of policies, methodologies and the limit framework.	CCR positions are monitored on a daily basis against approved limits. These limits are reviewed annually in accordance with applicable credit policies, processes and approval delegation. Interim reviews are undertaken where necessitated by change in counterparty credit worthiness and/or business plans.

Principal Risk	Risk Description	Risk Oversight	Risk Monitoring and Reporting
Market Risk	This is the risk that arises from changes in market variables such as profit rate, foreign exchange rates, credit spreads, equity prices, commodity prices, their correlations and implied volatilities. The Bank is exposed to market risk from its trading, client servicing, and balance sheet management activities.	The BRC, ALCO and GRC are the Senior Management/Board Committees that support the Board in managing market risk. The BRC approves the market risk management policy and methodology framework governing prudent market risk-taking backed by measurement and monitoring systems and internal controls. They are supported by the Bank's Market and Treasury Credit Risk unit. It supports the Bank to operationalise the market risk management framework to support business conduct while ensuring adequate risk control and oversight.	The market risk management strategy and market risk limits are established within the Bank's risk appetite and business strategies (taking into account macroeconomic and market conditions). The treasury trading book market risk positions are monitored on a daily basis against approved and allocated market risk limits by independent support units.
Asset Liability Management Risk	Asset-Liability Risk Management ("ALM") is the strategic management of the Bank's balance sheet structure and liquidity requirements covering liquidity sourcing, its diversification, profit rate and structural foreign exchange management.	The ALCO is responsible for the management of the Bank's balance sheet and liquidity risks. The GRC and BRC establish the ALM policy, methodology and limit framework. It is supported by the ALM desk within the treasury unit for day-to-day management with independent oversight from Market and Treasury Credit Risk and ALM-Finance units.	ALM metrics covering liquidity, profit rate risk in the banking book ("IRRBB") and structural FX are reported to the ALCO on a monthly basis and the BRC on a quarterly basis by Market and Treasury Credit Risk and Enterprise Risk Team as part of Quarterly Risk Report.
Capital Risk	This is the risk of the Bank's capital composition or level falling below levels sufficient to support its strategy and meet regulatory thresholds. Capital Adequacy (Reporting/Assessment) Process is a comprehensive activity undertaken by the Bank on a periodic basis to estimate the capital requirements generated by its assets. This covers both regulatory capital reporting (Pillar I and III) as well as Internal Capital Adequacy Assessment Process ("ICAAP") and stress testing (Pillar II).	The Bank maintains a capital management policy which establishes mechanisms and procedures to ensure that the appropriate level of capital is maintained. The BAC and BRC have oversight of the regulatory capital reporting process and are supported by Finance and Enterprise and Regulatory Risk units.	Regulatory capital adequacy reporting process is done by the Bank on a quarterly basis while ICAAP is conducted annually. These processes follow the guidelines set by the CBUAE or relevant supervisory body where the Bank is benchmarked against the regulatory and RAS thresholds.

Risk Management continued

Principal Risk	Risk Description	Risk Oversight	Risk Monitoring and Reporting
Operational Risk	This is the risk of loss resulting from inadequate or failed internal processes, people, systems, or from external events.	The BRC is the Board-level committee with oversight of operational risk. The ORC supports the BRC in the oversight of framework, policies and methodology documents. The Operational Risk Unit maintains the overall operational risk management framework that includes management of fraud risk, cyber risk, outsourcing risk and business continuity management. The unit works closely with the Bank's business lines and subsidiaries to raise awareness of operational risk. Key risks are identified and discussed at functional operational risk meetings and the GRC. These form the cornerstone of the Bank's operational risk management activity.	The Operational Risk Unit develops and implements the methods for the identification, assessment, measurement and monitoring of operational risk throughout the Bank and provides regular and comprehensive reporting on operational risks to Senior Management and the BRC.
Conduct Risk	This is the risk that the Bank, its staff, or third parties associated with the Bank, conduct business in an inappropriate or negligent manner that leads to negative customer outcomes, or has an adverse effect on market stability/reputation, or fair competition.	The Conduct Risk Framework details the process for management of conduct risk at Emirates Islamic. The framework is maintained by the Operational Risk Unit with oversight from the GRC and BRC.	Specific reports are provided to the business risk committees, the GRC, and the BRC on conduct risk exposure to ensure that the management is aware of the risks and enabling informed decision-making and prioritisation of actions. This reporting also ensures compliance with the regulatory requirements of the CBUAE.
Reputational Risk	Reputational risk is the risk of damage to a Bank's reputation as a result of any event, arising from negative publicity about its business practices, conduct, or financial condition.	The Reputational Risk Policy is designed to ensure all organisational units effectively identify, measure, manage and monitor the reputational risks that arise from the ongoing operations. The governance of the Bank's reputational risk management is integrated into the Bank's broader risk management framework. The Board, and BRC, through delegated authority, have ultimate responsibility for the oversight of reputational risk.	Reputational risk can arise as a by-product of other interconnected risks, and therefore is considered when assessing other key risks of the Bank, as defined within the broader risk management framework. Reputational risk exposure is assessed principally via the existing risk assessment methods of the Bank and during the annual ICAAP assessment. Following identification and assessment, key risks are monitored and reported to the BRC.

Principal Risk	Risk Description	Risk Oversight	Risk Monitoring and Reporting
Compliance Risk	The risk of legal or regulatory sanctions, fines and losses associated with damage to the Bank's reputation as a result of its failure to comply with applicable laws, regulations, policies or good practices.	Compliance is the responsibility of all staff and the Bank's systems of internal controls are critical to detect and prevent the Bank and the wider international financial system from being used to support terrorism, sanctioned targets and crime. A key internal control to support this measure is employee vigilance. The GRC, BAC and BRC are the main Board and management committees with Compliance Risk Oversight.	An independent unit within the Bank is responsible for assisting the Bank's Senior Management in designing, implementing, delivering and supporting a framework to ensure appropriate measures are in place to mitigate and manage the Bank's compliance risks. All relevant regulatory and compliance matters are reported and discussed at the Bank's Senior Management level through the GRC, BAC and BRC.
Legal Risk	Risk of imposition of penalties, damages or fines, or regulatory or reputational loss or harm from the failure of the Bank to meet its legal obligations, including regulatory or contractual arrangements, customer relationships, and/or products and/or services, or failure of operational processes and controls.	The overall responsibility for legal risk is with the Board. An independent unit within the Bank manages legal affairs. The unit reports directly to the CEO and works closely with the first and second line of defence to monitor and mitigate legal risk across the Bank. It provides ongoing legal risk education/training for internal stakeholders about relevant legal developments and steps the Bank and stakeholders are expected to take to help manage legal risks.	The Legal Department records and maintains a comprehensive database of civil legal cases filed for and against the Bank. The risk profiles of material cases against the Bank are discussed with Senior Management. A list of material cases is reported to the GRC and BRC on a quarterly basis.
Strategic Risk	Strategic Risk implies the risk of disruption to the defined Bank's strategic priorities, either through changes in core assumptions or changes in internal or external parameters driving the Strategy.	Strategic Risk is defined, managed and monitored at a Bank level. Various management committees monitor progress against specific strategic areas across the Bank via periodic activities. These include EXCO, ALCO, GRC, IT Steering Committee and the Digital, Analytics and Fintech Committee.	Initiatives and priorities defined and agreed on as part of the Bank Strategy, and those percolated down to the segments/units/ international subsidiaries are monitored on an ongoing basis, in order to timely identify any potential risks to the defined strategy and table any required adjustments to the various committees.
Shariah Non-Compliance Risk	Risk emanating from the non-compliance of the Islamic banking activities of the Bank with the guidelines, resolutions, Shariah pronouncements and Shariah standards issued by the Higher Shariah Authority ("HSA") at the CBUAE and the Bank's Internal Shariah Supervision Committee ("ISSC") and that can lead to reputational risk, regulatory risk and financial losses.	The ISSC undertakes Shariah oversight and supervision of the operations, business and the code of conduct of the Bank.	Shariah compliance monitoring in the Bank is done across the three lines of defence. ISSC issues an annual report stating the extent of the Bank's compliance with Shariah principles. The report is presented to General Assembly following the Higher Shariah Authority approval.

Risk Management continued

Principal Risk	Risk Description	Risk Oversight	Risk Monitoring and Reporting
Model Risk	Model risk is the risk of potential adverse consequences resulting from decisions being made that are based on incorrect or misused model outputs and reports. The potential loss could be based on the output of the internal models because of errors in the development, implementation, or use of such models.	A Group MOC is in place to support the Board in the oversight of model management. It oversees the implementation of the Model Governance and Management Framework, which establishes an operational framework to govern and manage all steps in the model lifecycle, including the development, validation, approval, implementation, monitoring, and use of risk quantification models, in alignment with CBUAE Model Management Standards and Guidance.	Model risk control is conducted at the Group level. It is supported by the Group-wide model inventory which records comprehensive information for risk quantification models. The Group Model Validation (GMV) unit is one of the key model risk control functions leading the Group's model risk management. It is supported by the MOC to enforce strong and effective model validation, governance, and other controls.
Environmental and Social Risk	Environmental and Social Risks (ESR) are the potential risks arising from a range of environmental factors, including climate change, deforestation, and biodiversity loss, as well as social concerns such as human rights violations, labour practices and community relations as well as resulting in reputational, financial and regulatory consequences for being associated with activities that contribute to environmental harm and social injustice.	The Bank has developed an ESR Framework which aims to foster decision-making that aligns with its commitment to deliver responsible financial services. While the Board has the ultimate responsibility of implementing the Framework, it has delegated the governance and oversight to the BRC. At an operational level, the GRC is responsible for ensuring that the Framework is institutionalised. The Group Risk unit has permanent representation in the Sustainable Finance Framework Committee ensuring alignment of customer profiles and related transactions to the ESR Policy as well as evaluating and opining on referred transactions with potential ESG concerns or deviations (if any) from a risk perspective.	The Bank's strategy on climate risk and ESR has been incorporated into the ESR Framework and is guided by the three lines of defence approach. The Bank has implemented tools to ensure that clients' exposures to these risks can be assessed. These assessments are conducted using a scoring model (ESR scorecard) and relationship managers engage with customers to seek action/ transition to a greener economy, where required. ESR metrics are included in the Risk Appetite and are reported quarterly to senior management and the BRC. The Bank recognises that ESR management is an evolving area, and its Framework and assessment are frequently updated to reflect this. Ultimately, the goal is to collaborate with clients in advancing environmental and social enhancements, while steering clear of business dealings that fail to meet the standards set out in the Framework.

Emerging Risks

In addition to the principal risks, the Bank also faces a diverse set of external risks which, if materialised, could impact the Banks ability to deliver its strategic plan. It has identified the below as key emerging risks[1] which, could have an impact on the Bank's earnings, capital adequacy and/or ability to operate as usual. Mitigating actions based on its current knowledge and assumptions have also been identified.

Emerging Risks	Description and Likely Impact	Mitigating Strategies
Geopolitical and Macroeconomic Risks	Global central banks have cut rates as inflation moves lower around the world. Economic activity has remained resilient in many economies which could limit how quickly interest rates are cut while domestic policies in major economies could also present upward risks to prices. Economic uncertainty could prompt market volatility across rates, currencies and commodities, while geopolitical risks could pose a threat to global supply chains and investment appetite.	• **Scenario Planning:** The Bank uses stress testing and scenario analysis to model potential economic shocks from geopolitical and macroeconomic events and check how this impacts its capital position and review this accordingly to ensure it is prepared for unexpected outcomes. • **Hedging and Diversification:** The Bank diversifies its portfolios and maintains risk appetite metrics to monitor concentrations. It also manages currency exposure to mitigate risks from sudden market changes.
Environmental and Social Risk (ESR)	While the Bank recognises ESR as a principal risk, it also considers it an emerging risk due to the evolving nature of the risk in terms of policy. ESR risks have potentially severe consequences to all including financial institutions and financial markets. This risk arises from a range of environmental factors, including climate change, deforestation, and biodiversity loss, as well as social concerns such as human rights violations, labour practices and community relations. As global attention intensifies around sustainability, the Bank is increasingly exposed to reputational, financial and regulatory consequences for being associated with activities that contribute to environmental harm and social injustice. ESR poses a challenge not only in terms of regulatory compliance but also in maintaining stakeholder trust and ensuring long-term sustainability. ESR can also manifest through other principal risks such as credit risk from clients operating in high-risk sectors, liquidity risk, operational disruptions and reputational damage.	• **Integration in the ESR Framework:** ESR, and climate risk particularly, manifests within principal risks. The Bank has developed an ESR Framework clarifying its stance on key sectors as well as a climate risk policy. The Bank has integrated ESR and Climate Risk aspects in its Framework and has implemented tools to ensure that it can assess its clients' exposures to these risks. • **Sustainable Finance:** The Bank has embedded its ESR Policy and guidance on coal related financing outlining its position on the financing towards sensitive sectors. It is growing its green investments portfolio, financing renewable energy projects, and has baselined its financial emissions, with the aim to gradually reduce its carbon footprint. Emirates Islamic has expanded its emission tracking to include financed emissions, a TCFD-recommended measure that seeks to estimate the amount of absolute emissions associated with an investment. By Identifying ESR as a critical area of focus, it is committed to mitigating potential risks while capitalising on opportunities for sustainable finance. • **Disclosure and Reporting:** The Bank has enhanced its ESG reporting to improve transparency in accordance with regulatory standards. Emirates Islamic understands the critical role it can play to support in transition financing opportunities and decarbonisation strategies to achieve a low-carbon economy. Its proactive approach will help strengthen relationships with clients and communities committed to responsible practices and meet the evolving regulatory standards.
AI Enhanced Malicious Attacks	Availability of Open-source AI platforms and multiple dark web AI tools lower the barrier to entry, enabling hackers to conduct large scale attacks with fewer technical skills. AI enhancement provides more sophisticated capabilities (e.g., automated code generation and target identification for phishing), enabling better intrusion and more damaging attacks. AI-enhanced malware can be very fast to adapt to security systems and adjust its tactics based on real-time analysis of the target's defence, bypassing human detection and security measures.	• The Bank follows the three lines of defence model for identification, assessment, measuring and monitoring of all technology related risks and any risks of unacceptable nature are not promoted for usage by Bank.

1 This summary is not an exhaustive list of all emerging risks, uncertainties or mitigants; nor can it confirm that the mitigants would apply to fully eliminate or reduce the corresponding risks.

ESG Summary

Chief Sustainability Officer and Group Head of ESG Message

"Creating a Future-Proof Legacy: Balancing Prosperity and Sustainability."

Vijay Bains
Chief Sustainability Officer and Group Head of ESG

In the Group, we take immense pride in our role within the UAE's growth story, supporting the nation as it establishes itself as a leader in the global financial and banking sectors. Our commitment to the UAE's Green Agenda 2030 is underscored by our substantial advancements in ESG metrics, reflecting our leadership in sustainable finance and responsible investing.

A key highlight of the Group's journey in 2024 was the remarkable improvement in our Sustainalytics ESG Risk Rating, a testament to the Group's unwavering commitment to achieving excellence in ESG practices. This achievement is complemented by other significant milestones at Emirates Islamic:

- In 2024, Emirates Islamic demonstrated its leadership in sustainable finance with the issuance of a landmark USD 750 million Sustainability Sukuk, further integrating measurable sustainability outcomes into its financing activities.
- Launch of Islamic Finance Sustainable Committees for retail and wealth banking within Emirates Islamic.
- Emirates Islamic hosted an Emirati Souq on Emirati Women's Day to support local women entrepreneurs and artisans.

These accolades reinforce Emirates Islamic standing as an Islamic regional leader in ESG excellence and highlight our alignment with national and global sustainability objectives.

A significant milestone for 2024 is the Group's preparation for the release of the first Emirates NBD Group 2024 IFRS S1 and S2 Report (ISSB Report) in 2025. This report will include third-party assurance of our financed emissions, reflecting the Group's ongoing evolution in sustainability reporting. The ISSB report will build on the Group's alignment with the Task Force on Climate-related Financial Disclosures ("TCFD").

Transparency remains at the heart of our ESG journey. The Emirates Islamic 2024 ESG Report offers a comprehensive view of the positive impact we create for our customers, employees, society, and the environment.

As we continue to move forward, these achievements highlight our commitment to building a more sustainable future through responsible banking and innovation.

Vijay Bains
Chief Sustainability Officer and Group Head of ESG

Driving Impact Through Responsible Banking

The 2024 Emirates Islamic ESG Report reflects our unwavering commitment to integrating sustainability across all aspects of our operations. Aligned with both national and international standards, it highlights our dedication to making meaningful ESG impacts. This milestone year coincides with the UAE's "2nd Year of Sustainability" and the outcomes of COP28, reaffirms our role in driving a sustainable, low-carbon future for the nation.

We continue to prioritise customer-centric sustainability by embedding ESG principles into our products, services, and decision-making. Through digital transformation and Shariah-compliant innovation, we enhance accessibility to impactful financing solutions, shaping a more inclusive and efficient banking experience while strengthening customer relationships.

This year, Emirates Islamic successfully issued its inaugural USD 750 million Sustainability Sukuk, which was oversubscribed 2.8 times. This pioneering transaction, issued following the release of the International Capital Market Association ("ICMA"), the Islamic Development Bank ("IsDB") and London Stock Exchange Group ("LSEG") Guidance, marks a significant milestone in the UAE's sustainable finance landscape.

Aligning for the Future: Our ESG Strategy, Materiality Analysis and Stakeholder Engagement

Our ESG strategy extends beyond climate-related risks, focusing on creating products and services that benefit both people and the planet. The Group actively involves all stakeholders — employees, customers, investors, suppliers, authorities, and the wider community — in shaping its approach. Additionally, digitisation has become integral to reducing the Group's carbon footprint and enhancing operational efficiency to support long-term sustainability goals.

"We continue to prioritise customer-centric sustainability by embedding ESG principles into our products, services, and decision-making."

ESG Summary continued

Materiality Analysis and Material Topics
The Group conducted an annual materiality analysis, in which the top five material topics were identified:

- **Sustainable Finance**
- **Data Privacy and Cybersecurity**
- **Corporate Governance and Ethics**
- **Climate-Related Risks and Opportunities**
- **Diversity and Inclusion**

The results of our 2024 Materiality Analysis are mostly consistent with last year's analysis. These priorities reflect the Group's ambition to support sustainable growth while mitigating risks and seizing opportunities across environmental, social, and governance areas.

Stakeholder Engagement
Ongoing engagement with customers, regulators, employees, communities, and investors allows the Bank to refine its ESG initiatives. Feedback mechanisms and collaborations ensure continuous improvement and responsiveness to evolving demands.

To enhance transparency, the Bank has launched dedicated platforms for stakeholder dialogue, fostering open communication and collaborative problem-solving.

Our Management Approach
The Group has implemented a comprehensive ESG governance framework to ensure sustainability principles are deeply embedded in its operations and culture. Oversight by key committees, including the Board of Directors, Board Risk Committee, the Board Nomination, Remuneration, and ESG Committee ("BNRESGC"), and the Islamic Sustainable Finance Committees ensures alignment with strategic objectives. Additionally, senior leadership performance is tied to ESG goals, incentivising meaningful progress.

Additionally, by embedding anti-corruption measures and ethical business practices into its governance structure, the Group ensures a strong foundation of trust and accountability.

Risk Management
To address and mitigate ESG risks, the bank employs a three-line-of-defence model that enhances resilience and proactive management. The establishment of a Sustainable Finance Forum ("SFF") ensures compliance with global standards and mitigates the risk of greenwashing in financial operations.

The Group has also integrated climate-related risk assessments into its enterprise risk management framework, ensuring that sustainability considerations are factored into all decision-making processes. These efforts provide a strong foundation for managing emerging ESG challenges and opportunities.

Islamic Sustainable Finance
Emirates Islamic's approach to sustainable finance integrates Shariah principles with global ESG standards, ensuring a balance between economic growth, environmental stewardship, and social equity. Our strategy is aligned with the Higher Shariah Authority ("HSA") guidelines and UAE national frameworks, including Net Zero by 2050 and UAE Vision 2030.

Our key milestones include the Issuance of USD 750 million in Sustainability Sukuk, and the formation of our Islamic Sustainable Finance Committees. We continue to develop innovative solutions to support climate action and environmentally friendly projects. Moreover, we ensure financial inclusion by supporting SMEs, underserved communities, and initiatives in education, healthcare, and affordable housing. Following Shariah principles, we uphold transparency and ethical practices in all sustainable financing activities.

Emirates Islamic's sustainable finance framework reflects our commitment to fostering inclusive economic growth while advancing environmental sustainability and societal wellbeing, reinforcing its alignment with the Paris Agreement, the UN SDGs, and the UAE's national sustainability initiatives.

Advancing Environmental Responsibility
We are committed to reducing water use and emissions by 5% annually through 2027, showcasing our leadership in environmental stewardship. The Bank is also implementing circular economy principles across its operations by prioritising waste reduction and resource optimisation. By embedding these practices, the Group is contributing to a more sustainable and resilient operational model.

Our mobile banking application, EI+, offers over 150 simplified services, instant, and paperless services, which in turn reduces our paper consumption. This includes businessONLINE with over 40 STP paperless requests.

A key initiative introduced by the Bank has been "Raqmi". This strategic migration project transitioned key financial and non-financial transactions from branches and call centre to digital channels, further minimising resource consumption and enhancing efficiency towards customer service.

Social Responsibility
Employee Engagement and Development
The Group's innovative programmes, such as Climate Fresk sessions, equip employees with the skills and knowledge to champion sustainability. The Bank is actively promoting gender diversity, with a goal of 25% women in senior leadership roles by 2027.

To further foster employee wellbeing, the Bank has introduced mental health resources, flexible work arrangements, and career development programmes that prioritise holistic growth.

Supporting Our Community
We are committed to making a meaningful difference in our communities with 27 Emirates Islamic branches across the UAE fully equipped with features tailored to the needs of People of Determination, promoting inclusion and accessibility. Our corporate social responsibility programmes, including volunteering and charitable activities, help us build strong connections with local communities. We have allocated more than AED 37 million to support various social causes, with a focus on initiatives aligned with UN SDGs.

Conclusion
The 2024 ESG Report highlights Emirate Islamic's position as a regional leader in Islamic sustainable banking. By integrating innovative finance, robust governance, and impactful community initiatives, the Bank is paving the way for a more resilient, inclusive, and low-carbon future. By embedding sustainability into our operations and expanding inclusive banking services, we are not only meeting today's challenges but also inspiring meaningful change for generations to come.

The full report can be read on our website.

> "Our key milestones include the issuance of USD 750 million in Sustainability Sukuk, and the formation of our Islamic Sustainable Finance Committees."

Corporate Governance

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Governance at a Glance

In 2024, Emirates Islamic Bank continued its journey to strengthen its corporate governance, aligning with both international best practices and local regulatory requirements.

By fostering a culture rooted in responsibility, accountability, transparency and fairness, the Bank continues to safeguard its business interests and enable the effective execution of its business strategy. Supported by a comprehensive risk management framework, this approach underpins the Bank's ability to create enduring value for its shareholders and stakeholders.

Board Meeting Attendance

97%

Non-Executive Directors

100%

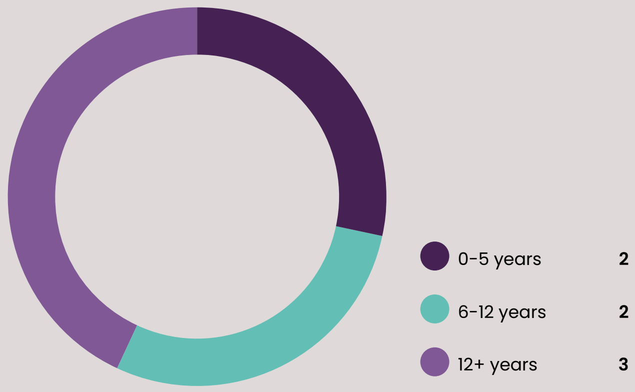
Board Independence

43%

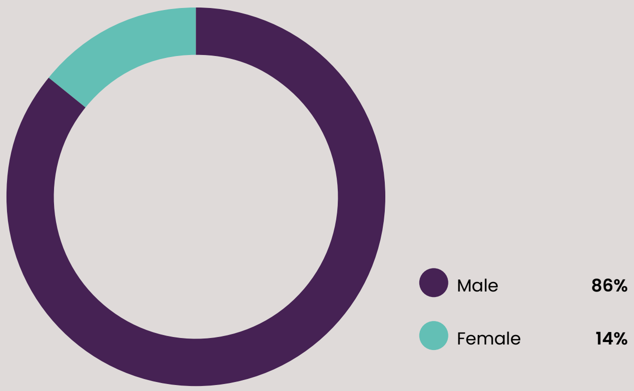
Number of Board and Committee Meetings

71

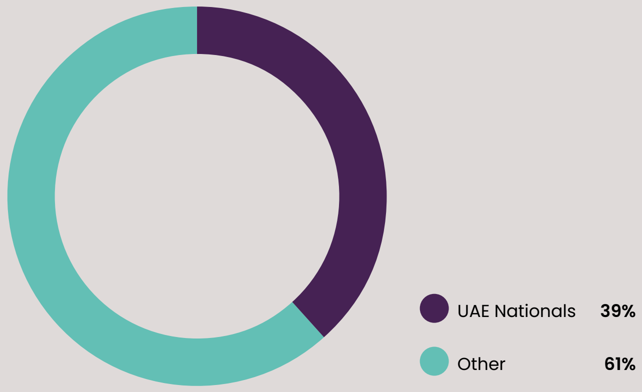
Board Tenure
(Number of Directors)



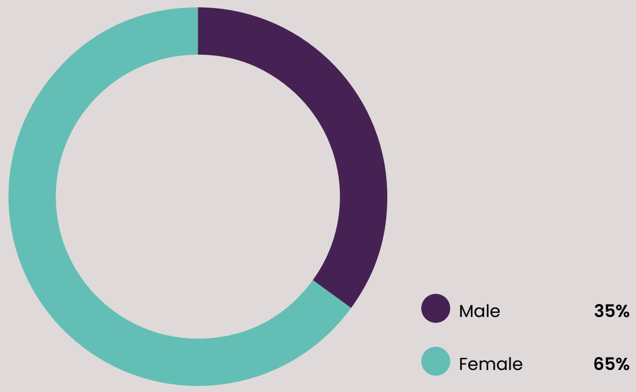
Gender Diversity at Board Level



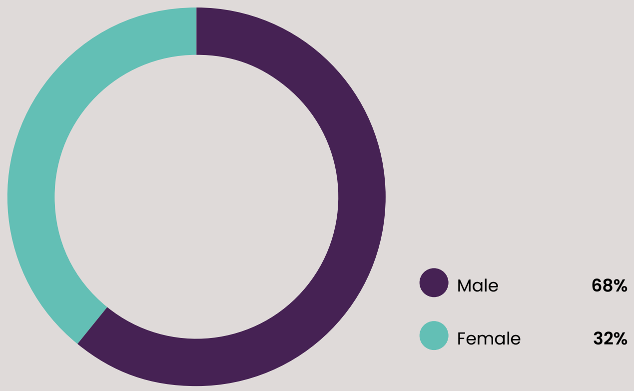
Emiratisation
(Percentage of UAE nationals)



Gender Diversity of UAE Nationals



Gender Diversity in Staff



Regulatory Compliance

The Bank complies with the governance principles set out in the Emirates Islamic Governance Framework and with relevant local regulatory requirements, including those issued by the following regulators:

- Central Bank of the UAE ("CBUAE")
- Securities and Commodities Authority ("SCA")
- Dubai Financial Market ("DFM")

Company Secretary:
Dr. Ahmed Alkhalfawi

Strengthening Governance for Sustainable Growth

> Building on an exceptional year of progress and performance, Emirates Islamic will focus on further enhancing its governance practices in 2025."

During 2024, Emirates Islamic's corporate governance approach enabled the Bank's Board of Directors and Senior Management to discharge their duties effectively and ensure that risks were managed prudently in accordance with a robust risk management framework, whilst delivering the Bank's business strategy in an entrepreneurial and innovative way.

In order to effectively execute its mandate, the Board remained aware of regulatory updates introduced by the SCA and the CBUAE, including the revised Corporate Governance Code issues by SCA and the Credit Risk Management and Fitness and Propriety Regulations and Standards issued by CBUAE. The Bank ensured that necessary actions were implemented across the Bank to ensure full compliance with these requirements. Emirates Islamic kept its policies under regular review – particularly in the areas of corporate governance, risk management, internal controls, compliance, internal audit, financial reporting, external audit and outsourcing – to ensure that they continued to meet all relevant regulatory requirements.

During 2024, Emirates Islamic made significant progress in strengthening governance across key areas, including risk management, compliance, sustainability, people and culture, consumer protection and general governance. The Bank enhanced risk frameworks, model governance, and fraud prevention capabilities and updated governance procedures reinforced alignment with evolving regulatory standards and industry best practices, while compliance efforts saw further enhancements in AML, KYC, sanctions compliance policies and related procedures and financial crime prevention through AI-driven models and enhanced training programmes.

The Bank continued to prioritise people and culture, focusing on Emiratisation, diversity, and employee wellbeing through targeted initiatives such as the Mental Health Policy, the Speak Up Programme, and Future of Work. Consumer protection remained a key priority, with refreshed training, enhanced conduct frameworks, and proactive leadership engagement to ensure regulatory compliance and foster trust. Data privacy measures were bolstered with rigorous assessments, strengthened frameworks, and awareness campaigns. Advancements in cybersecurity governance included automation of risk monitoring, improved cloud infrastructure protection, and proactive integration of AI-driven tools.

In line with its commitments to ESG and sustainability, the Bank integrated ESG KPIs into Senior Management scorecards to strengthen sustainability governance and accountability.

The Board remains dedicated to continuous improvement through regular trainings and annual evaluations to ensure effectiveness and adherence to best practices. The first independent external evaluation confirmed that the Board, its Committees, and Directors operate with due care, skill, and diligence. The process highlighted effective governance, and a robust structure, reinforcing the Board's commitment to excellence.

Emirates Islamic remains committed to regular engagement with key stakeholders, including shareholders, customers, employees and regulators, to drive growth and ensure system-wide stability. By leveraging AI and machine learning, the Bank delivers rapid insights into customer behaviour, enhances risk management, and expands its offerings through innovative digital platforms and partnerships. As a leading financial institution, Emirates Islamic upholds exemplary compliance and risk management practices, working closely with the CBUAE to support structural changes that promote stability and benefit all stakeholders.

Building on an exceptional year of progress and performance, Emirates Islamic will focus on further enhancing its governance practices in 2025. It will ensure that the nomination and election procedure which is due to be conducted in the upcoming General Assembly Meeting ("GAM") is conducted in line with the Directors Fit and Proper Policy, SCA Corporate Governance Regulations and the Fitness and Propriety Regulations and Standards issued by CBUAE. This also includes reviewing the composition of the Board and its Committees to align with regulatory requirements and best practices and ensuring corporate governance policies remain current. The Bank will prioritise training for Board Members and staff on emerging regulations and best practices while embedding powers of attorney and delegation of authority processes into core business operations to drive efficiency and accountability.

I would like to express my gratitude to my fellow Board members, our exceptional Senior Management team, and all our employees for their work, dedication, and commitment to achieving the Bank's governance objectives throughout 2024. In the year ahead, Emirates Islamic will strive to build on this strong foundation to drive further value creation for all its stakeholders.

Mr. Hesham Abdulla Al Qassim
Chairman of Emirates Islamic

Key Governance Highlights in 2024

Corporate Governance

- Updated Board Committee Terms of Reference, including Board Credit and Investment Committee ("BCIC"), Board Profit Equalisation Committee ("BPEC") and Board Nomination, Remuneration and ESG Committee ("BNRESGC"), to ensure alignment with current regulations and best practices
- Reviewed updates to the SCA Corporate Governance Regulations and CBUAE Fit and Proper Regulations and Standards
- Conducted an independent External Evaluation of the Board, Board Committees and Board Members, in line with applicable Corporate Governance Regulations
- Established Power of Attorney Policy for enhanced governance on delegation of authority.
- Improved Board and corporate governance procedures and processes

Sustainability (ESG)

- Enhanced sustainability oversight by updating the BNRESGC's Terms of Reference with an objective to review sustainability strategy, disclosures, policies, procedures and oversee the achievement of set ESG goals including sustainable finance targets.
- Included ESG KPIs in Senior Management scorecards to strengthen our commitment to drive sustainability initiatives across the Bank and support measurable progress towards sustainability goals.
- Significant improvement in the ratings in 2024 given by the ESG Rating Agencies to the Emirates NBD Group due to improvements and enhancements made with respect to ESG initiatives and disclosures.

Risk Management

- Continuous review of risk frameworks and policies to ensure the Bank remains protected, given the ever-evolving risk landscape.
- Enhanced model governance approach in line with applicable regulations and industry best practice
- Strengthened prevention and detection capability with new fraud analytics capacity and enhanced fraud prevention in processes, in particular online and mobile channels

AML, KYC & Compliance

- Revised Compliance Policies including AML/CTF, sanctions, conflict of interest, regulatory communication and the Compliance Charter
- Continued to enhance the effectiveness and efficiency of Bank's Compliance screening and monitoring systems
- Developed an AI machine learning model in partnership with the Advanced Analytics Centre of Excellence for risk rating AML transaction monitoring alerts
- Continued to improve the Bank's mandatory financial crime and sanctions compliance training programmes, (including specialised training for staff operating in high-risk segments) and Foreign Account Tax Compliance Act ("FATCA") and Common Reporting Standards ("CRS") training programmes
- Extended the coverage of assurance processes to cover new regulatory requirements

People and Culture

- Conducted an independent review of the compensation system in accordance with regulatory requirements
- Ensured that diversity and inclusion continued to be key focus areas and considerations for employees and clients
- Reinforced Emirates Islamic's leading role in Emiratisation, launching new initiatives to attract and retain UAE National talent, both within Emirates Islamic and for the benefit of the broader banking sector
- Continued to promote Emiratisation and the empowerment of Emiratis by providing training and hands-on experience on critical functional and leadership skills
- Continued to monitor the overall development of the Bank's culture to promote a healthy environment and employee engagement conducive to organisational success through initiatives such as the Mental Health Policy, Speak Up Programme, Bring your Kids to Work Day, International Women's Day activities, workshops and coffee chat sessions, and international roll-out of Future of Work initiatives

Consumer Protection

- Initiated the integration of Consumer Protection Regulations ("CPR") into the Conduct Risk Framework, new product and process approvals, and operational risk assessments to ensure compliance with consumer protection standards
- Conducted comprehensive CPR refresher for all EXCO Members, emphasising leadership's role in fostering consumer-centric culture and alignment with CPR requirements to drive compliance and ethical practices across Emirates Islamic
- Reinforced Data Privacy & Protection and Code of Fair Treatment e-Learning for all employees, achieving high engagement and completion rates to strengthening commitment to regulatory compliance and consumer trust
- All training materials with CPR updates successfully refreshed and launched for all employees

Data Privacy

- Embedded privacy assessment in new projects and initiatives design process to proactively manage privacy risks
- Conducted 100+ privacy assessments during the year, validating the Bank's robust data controls
- Enhanced vendor due diligence framework to ensure third party compliance with data privacy requirements
- Strengthened privacy awareness efforts through targeted training programmes and communications, fostering a culture of privacy awareness across Emirates Islamic
- Enhanced mandatory data protection training for all employees, and successfully delivered tailored privacy session to 700+ employees

Cybersecurity Governance

- Reinforced commitment to cybersecurity governance through alignment with leading global standards, proactive risk management, and a robust culture of security awareness and resilience
- Enhanced Governance, Risk and Compliance ("GRC") solution by introducing automation to streamline cybersecurity risk monitoring, regulatory compliance tracking, and management of controls
- Implemented targeted security controls to protect cloud infrastructure and secure the integration of AI-driven tools

Technology and Digitisation Governance

- Evolved technology delivery methodologies to align with best practices and latest standard operating processes
- Increased automation in governance operations, simplified governance for smaller value investments, and improved forecasting model for staff capacity
- Improved cost transparency by revamping recharge drivers for information security services
- Enhanced dashboards for technology demand, portfolio health, staff capacity, and technology spend, providing smarter insights for decision-making
- Expanded cloud finance management with additional public cloud providers
- Continued awareness campaign to promote IT governance capabilities

Board of Directors

The Board of Directors bring a wealth of experience, expertise and shared commitment to excellence, driving the Bank's continued success.

Mr. Hesham Abdulla Al Qassim

Chairman, Non-Independent Non-Executive Director

Date of Appointment:
25 June 2011

Career & Experience:

- Mr. Al Qassim has more than 20 years' experience in the banking industry, currently serving as Vice Chairman and Managing Director of Emirates NBD Bank P.J.S.C., and Chairman of Emirates Islamic Bank P.J.S.C., Emirates NBD Egypt and DenizBank A.Ş Türkiye.
- He is the Chief Executive Officer of Wasl Asset Management Group, responsible for leading its transformation into a world-class asset management company. He is also the Vice Chairman of Dubai Real Estate Corporation.
- His professional and vocational qualifications include a Bachelor's Degree in Banking and Finance and a Master's Degree in International Business Management and in Executive Leadership Development.

External Appointments:

Board appointments to other Public Joint Stock Companies:

- Vice Chairman and Managing Director, Emirates NBD Bank
- Director, Emirates Telecommunications Group Company (Etisalat)

Board appointments in other key regulatory, governmental or commercial positions:

- Chairman, Dubai Sports Corporation
- Vice Chairman, Dubai Real Estate Corporation
- Vice Chairman, Dubai Autism Centre
- Director, DIFC Investments LLC
- Director, Dubai International Financial Centre Authority
- Director, Itissalat Al-Maghrib ("IAM") MAROC Telecom

Mr. Buti Obaid Buti Al Mulla

Vice Chairman, Non-Independent Non-Executive Director

Date of Appointment:
18 July 2007

Career & Experience:

- Mr. Al Mulla has over 34 years of professional experience that spans the banking, finance, real estate, hospitality and investment sectors.
- He is Chairman of Mohamad and Obaid Al Mulla Group, a Dubai-based market leader in key strategic economic sectors, including hospitality, healthcare & pharmaceuticals, real estate, travel & tourism and investments.
- Due to his roles as the Chairman and Board Member of various companies, he has extensive experience and expertise in business development, strategic planning, human resources, remuneration, corporate governance, ESG and commercial and Islamic banking.
- He holds a Diploma in Business Administration from Newberry College in Boston, USA.

External Appointments:

Board appointments to other Public Joint Stock Companies:

- Director, Emaar Properties
- Director, Dubai Refreshment Company
- Director, Emirates NBD Bank

Board appointments in other key regulatory, governmental or commercial positions:

- Chairman, Mohamad and Obaid Al Mulla Group
- Chairman, Dubai Insurance

H.E. Mohamed Hadi Ahmed Al Hussaini

Non-Independent Non-Executive Director

Date of Appointment:
25 June 2011

Career & Experience:

- H.E. Al Hussaini is the Minister of State for Financial Affairs, with a mandate for managing the strategic direction and financial policies to maintain the interests of the UAE at local and international levels. He brings over 25 years of professional experience across the banking, finance, insurance, real estate, telecommunications, retail and investment sectors.
- He also serves in leadership roles supporting federal and local government in diversifying sovereign wealth and managing significant investment portfolios, both regionally and internationally, and has also led and overseen a number of mergers, acquisitions and other financing transactions for the public and private sector.
- He holds a Master's Degree in International Business from Webster University in Geneva, Switzerland.

External Appointments:

Board appointments to other Public Joint Stock Companies:

- Director, Emirates NBD Bank

Board appointments in other key regulatory, governmental or commercial positions:

- Chairman, Etihad Credit Bureau
- Acting Chairman, Emirates Real Estate Corporation
- Vice Chairman, Emirates Investment Authority
- Vice Chairman, Federal Tax Authority
- Director, Investment Corporation of Dubai
- Director, Dubai Real Estate Corporation

Board of Directors continued

Mr. Ali Humaid Ali Al Owais
Independent Non-Executive Director

Date of Appointment:
27 March 2013

Career & Experience:
- Mr. Al Owais is the Chairman and a Board Member of various companies, instrumental in bringing about major changes through his entrepreneurial skills and business contacts. His experience spans the real estate, investment, food production and distribution sectors.
- He is recognized for his profound understanding of the financial sector, corporate governance, and strategic planning, which stems from his extensive leadership experience as Chairman of Al Owais Bank and his ability to integrate risk management, regulatory compliance and ESG principles into sustainable business growth.
- He holds a Bachelor's Degree in Business E-Commerce from Higher Colleges of Technology, UAE.

External Appointments:
Board appointments to other Public Joint Stock Companies:
- Chairman, United Food Company
- Vice Chairman, Dubai Refreshment Company
- Director, Oman Refreshments
- Director, Emirates NBD Bank

Board appointments in other key regulatory, governmental or commercial positions:
- Chairman, Al Owais Group
- Vice Chairman, Modern Bakery

Mr. Salem Mohammed Obaidalla
Independent Non-Executive Director

Date of Appointment:
23 February 2019

Career & Experience:
- Mr. Obaidalla is Senior Vice President – Relationship Development and Local Affairs, Customer Affairs and Service Audit department for Emirates Airlines.
- He has extensive professional experience in the Commercial Operations Department at Emirates Airline and contributed to the success of launching various destinations, such as Amsterdam, Prague, Madrid, Geneva, Copenhagen, St. Petersburg, Dublin, Barcelona, Mexico and Lisbon. Prior to this role, he was Senior Vice President - Aeropolitical and International Affairs.
- He has a proven track record in operational excellence, financial and credit oversight and strategic planning.
- He holds a Business Administration Degree from Wentworth Institute of Technology in Boston, USA.

External Appointments:
Board appointments to other Public Joint Stock Companies:
- Director, Emirates NBD Bank

Board appointments in other key regulatory, governmental or commercial positions:
- None

H.E. Huda Sayed Naim AlHashimi
Independent Non-Executive Director

Date of Appointment:
23 February 2022

Career & Experience:
- H.E. AlHashimi is the Deputy Minister of Cabinet Affairs for Strategic Affairs. Part of this role involves leading the process of articulating the UAE Leadership's Vision, setting an ambitious long-term strategy for the implementation of "We The UAE 2031," and advising on all Government Strategies and transformative Programs prior to their approval at the Cabinet. She is a member of the Future of Technology Policy Council at the World Economic Forum.
- She also led the setup and leads the operations of the Mohammed Bin Rashid Centre for Government Innovation. She also leads the Government Accelerators Centre and the Zero Government Bureaucracy Program at the Prime Minister's Office and is responsible for governance and institutional restructuring.
- She holds a BSC in Business Administration from the Higher Colleges of Technology, UAE. She is also an alumnus of London Business School, and a Policy Fellow at the Centre for Science and Policy at the University of Cambridge, UK.
- She completed the Mohammed bin Rashid Center for Leadership Development Programme and received a Certificate from IMD for Board Governance.

External Appointments:
Board appointments to other Public Joint Stock Companies:
- Director, Emirates NBD Bank

Board appointments in other key regulatory, governmental or commercial positions:
- Deputy Minister, Cabinet Affairs for Strategic Affairs Member, Ministry of Cabinet Affairs
- Director, Digital School
- Director, UAE Gender Balance Council
- Director, Dubai Women Establishment
- Director, Rashid and Latifa School
- Director, Hamdan Bin Mohammed Smart University

Mr. Shayne Nelson
Non-Independent Non-Executive Director

Date of Appointment:
5 December 2013

Career & Experience:
- Mr. Nelson is the Group Chief Executive Officer of Emirates NBD Bank P.J.S.C. His solid experience, across various functions and geographies, is a testament to his diverse background within banking. Prior to joining Emirates NBD, he served as CEO of Standard Chartered Private Bank in Singapore, Chairman of Standard Chartered Saadiq Advisory Board, and a board member of Standard Chartered Bank (China) Ltd.
- His other previous high-profile positions include Regional CEO of Standard Chartered Bank Middle East and North Africa, Chairman of Standard Chartered (Pakistan) Limited, and Chairman of the Banking Advisory Council to the board of the Dubai International Financial Centre (DIFC) and Chief Executive Officer and Managing Director of Standard Chartered Bank, Malaysia Berhad.
- He is a Graduate Member of the Australian Institute of Company Directors and an Associate Fellow of the Australian Institute of Managers.

External Appointments:
Board appointments to other Public Joint Stock Companies:
- None

Board appointments in other key regulatory, governmental or commercial positions:
- Chairman, Emirates NBD Capital PSC
- Director, Emirates NBD Capital Ltd.
- Director, Emirates NBD Global Services LLC (formerly Tanfeeth LLC)
- Director, DenizBank A.Ş. (Türkiye)
- Director, Marsh Emirates Insurance Brokers
- Member of the Advisory Board, University of Wollongong, Dubai

Senior Management

Mr. Farid AlMulla
Chief Executive Officer – Emirates Islamic
Year Joined: 2006

Key Responsibilities:
Mr. AlMulla's key focus is to drive the Emirates Islamic's vision to be the most innovative Shariah-compliant bank for its customers, people and communities. He has contributed to major initiatives that have shaped Emirates Islamic as one of the fastest growing Islamic banks in the UAE, thus establishing Emirates Islamic as the flagship Islamic banking arm of the Emirates NBD Group.

Skills & Expertise:
As a seasoned banker with extensive experience, Mr. AlMulla has strengthened Emirates Islamic's market standing with a focus on consumer-centric banking and the introduction of several first-to-market products and services. He has also led Emirates Islamic's digital transformation efforts, contributing to a substantial increase in the Bank's online and mobile banking transactions. His contributions to Emirates Islamic's long-term Emiratisation strategy of developing UAE nationals for key executive roles and succession planning is a key driver in shaping the Bank's success.

Experience:
Prior to taking over as CEO, Mr. AlMulla was Head of Retail Banking and Wealth Management at Emirates Islamic, where he was responsible for the Bank's personal and business banking segments, branches and ATM network, products, customer experience, wealth management and digital banking. He has held several other positions at Emirates Islamic, including Deputy Head – Retail Banking and Wealth Management, Head of Home Finance and Head of Distribution.

Mr. Mohammad Kamran Wajid
Deputy Chief Executive Officer
Year Joined: 2019

Key Responsibilities:
Mr. Wajid leads all revenue generating functions at Emirates Islamic, including Retail Banking & Wealth Management, Business Banking, Treasury, Corporate & Institutional Banking and Transaction Banking. In addition, Mr. Wajid also serves as a member of various other Boards and Committees, including Tanfeeth LLC.

Skills & Expertise:
Mr. Wajid is a veteran of over 30 years in the UAE banking industry and a well-known name in the regional banking space with experience in financial services, wholesale banking and leadership roles.

Experience:
He has been with Emirates NBD Group for over 20 years, holding a diverse range of assignments, including CEO of Emirates NBD Capital Limited, CEO of Emirates Financial Services, and Group Head of International Wholesale Banking & Financial Institutions. Prior to joining Emirates NBD, he worked with National Bank of Abu Dhabi and Mashreq Bank. He also served as a member of the Board of Shuaa Capital PSC, Emaar Industries & Investment, and as Group CEO of Emerald Palace Group.

Education & Qualifications:
- Bachelor of Arts from Aligarh Muslim University, India
- Master of business Administration from Aligarh Muslim University, India

Ms. Huda Sabil Abdulla
Chief Financial Officer
Year Joined: 2013

Key Responsibilities:
Ms. Abdulla is responsible for Emirates Islamic's Finance function, where she directs and controls the Bank's financial strategies, business objectives, budget and performance management.

Skills & Expertise:
Ms. Abdulla has extensive experience in Human Resources, Finance and Business Performance. She plays a key role in developing tools and systems to provide critical financial and operational information to the CEO and Board of Directors and makes actionable recommendations on both strategy and operations.

Experience:
Ms. Abdulla has been part of the Emirates NBD Group for over 29 years. Prior to being appointed Chief Financial Officer of Emirates Islamic, she was Vice President Business Performance and previously held several positions in the Emirates NBD Finance team.

Education & Qualifications:
- Certified Islamic Professional Accountant (CIPA), Bahrain
- Certified Management Accountant (CMA) from Institute of Management Accountants, USA
- Bachelor in Business Administration from Ajman University of Science and Technology, UAE

Mr. Fuad Mohamed
Chief Operating Officer
Year Joined: 2022

Key Responsibilities:
Mr. Mohamed is responsible for overall operations and control of Emirates Islamic, including driving IT projects and aligning with the Group on transformation and key business initiatives to achieve synergy across entities, focusing on digitisation and operational excellence. He also leads cross-functional teams in process re-engineering and automation, whilst ensuring compliance with regulatory standards and mitigating operational risks. He drives digital transformation initiatives, collaborating with IT and operational teams to modernise the Bank's infrastructure and enhance customer experiences.

Skills & Expertise:
Mr. Mohamed has deep expertise in operations excellence, process optimisation, and regulatory, risk and compliance management. He has consistently driven operational efficiency, strengthened regulatory compliance, and supported digital transformation initiatives within the organisation, in alignment with the Group's strategic objectives. His core expertise also includes process optimisation, digital transformation, strategic planning, financial analysis and budget management, and team leadership and development.

Experience:
Mr. Mohamed has 23 years of banking experience. Before joining Emirates Islamic, he served as the Chief Operating Officer and Executive Board Member at Emirates NBD Egypt. He has also held prestigious positions such as Vice President of Group IT, UAE, and Acting Head of Retail Banking, Egypt. With a strong focus on customer satisfaction and operational resilience, he has a proven record of streamlining complex processes to enhance productivity and ensure sustainable growth.

Education & Qualifications:
- Education from Dubai Police College and Higher Colleges of Technology, UAE
- Training programmes from prestigious institutes, including INSEAD, Harvard & McKinsey

Mr. Haseeb Ahmad Ansari
Chief Compliance Officer
Year Joined: 2018

Key Responsibilities:
Mr. Ansari is responsible for the overall management of financial crime compliance, regulatory compliance and wealth management compliance frameworks across Emirates Islamic. Additionally, as part of Emirates NBD Group's compliance leadership team, he is also involved in strategic, policy related and systems/technological initiatives.

Skills & Expertise:
Mr. Ansari's expertise includes effective management of regulatory and financial crime compliance frameworks, as well as governance and operations. He has extensive experience in dealing with regulators, industry bodies, foreign correspondent banks and vendors.

Experience:
Mr. Ansari has more than 28 years of international banking experience, which includes his previous role as Chief Compliance Officer at United Arab Bank and nine years at Barclays Bank PLC, where his last assignment was the Regional Head of Compliance for the Middle East. He started his career at Citibank, managing a diverse spectrum of functional portfolios for over a decade. He continues to be an active member in the compliance community and currently he is the Vice Chairman of the UAE Banks Federation (UBF) Compliance Committee.

Education & Qualifications:
- Master of Business Administration from Preston University (School of Business & Commerce), Pakistan

Senior Management continued

Mr. Mahdi Al Kazim
Chief Risk Officer
Year Joined: 2022

Key Responsibilities:
Mr. Al Kazim is responsible for all risk functions within Emirates Islamic. He oversees and manages the Bank's risk exposure to ensure stability, regulatory compliance, and alignment of business objectives.

Skills & Expertise:
With over 35 years of extensive experience in the Banking industry, he has been leading a pivotal role with Emirates NBD Group since 1989, serving as Branch Manager, Head of Corporate/General Manager - Large Corporate Banking, Chief Credit Officer. He joined Emirates Islamic in 2022 as Chief Risk Officer, currently serving in this capacity.

Experience:
- Mr. Al Kazim has over 35 years of banking industry experience with Emirates NBD Group, including over 2 years with Emirates Islamic. He served as Chief Credit Officer of Emirates NBD before joining Emirates Islamic in 1996, where he has held a wide range of positions before becoming Chief Risk Officer, including Branch Manager, Head of Corporate Banking, General Manager – Large Corporate Banking, Chief Credit Officer and Board Member Emirates NBD Capital. He has also served as a Board Member of Emirates Islamic, Vice Chairman of Emirates Islamic Brokerage, and Chairman of the Corporate Banking Committee of the Union Banking Federation.

Education & Qualifications:
- Bachelor of Accounting and Computer Science in Accounting from United Arab Emirates University, UAE
- International General Management Program for Executive Development, Leadership and Management from IMD, India

Mr. Ioannis Volanis
Head of Credit
Year Joined: 2015

Key Responsibilities:
Mr. Volanis is responsible for measuring and managing the aggregate credit risk in the Banks' portfolio. Oversees the Banks' credit underwriting and administration policies, procedures, and ensuring the quality and performance of its credit portfolio. Acts as the thought leader for proactively shaping the Banks' credit portfolio, recommends timely and appropriate underwriting strategies. He is the end-to-end accountable executive for the underwriting process of the Bank, oversees execution of credit decisions, as well as post decision continuous monitoring of credit portfolio, administration, and documentation.

Skills & Expertise:
Mr. Volanis is proficient in the functions of Credit and Risk across portfolios and products, internationally. Additionally, in wholesale Banking business development applied across various geographies, ranging from corporate, institutional Banking, to specialized project financing, structured & international debt offerings, as well as turnaround solutions. High level of expertise in investment Banking, debt, and equity niche products, as well as international wealth management.

Experience:
Mr. Volanis has over 25 years' experience in Banking, including senior management exposure mainly in wholesale, international Banking, and credit risk. Before joining Emirates Islamic he held positions such as Bank DCEO, Head Wholesale Banking, Head of Corporate, Senior Group Credit Officer, Head of Representative Office. Has served as a member of Management Board, EXCO, Credit Committees, ALCO. Extensive application of wholesale and international Banking solutions, various sectors, geographies, and asset classes. Corporate leadership enhanced with brownfield Banking investment, involving organisational transformation and business development, post-acquisition.

Education & Qualifications:
- Master of Business Administration from The University of Iowa, USA

Mr. Zaki Siddiqui
Head of Internal Audit
Year Joined: 2012

Key Responsibilities:
Mr. Siddiqui oversees the Internal Audit function at Emirates Islamic, reporting to the Emirates Islamic BAC and Emirates NBD Group's Chief Internal Auditor.

Skills & Expertise:
Mr. Siddiqui has extensive expertise in the internal audit function across all areas of Corporate and Retail Banking, Trade Finance, Operations, Project Financing and Leasing.

Experience:
Mr. Siddiqui has more than 36 years of experience in banking, audit and compliance. Prior to joining Emirates Islamic, he managed audit for Mashreq Bank and BCCI in senior roles across various countries, including some highly regulated economies such as the USA, the UK, Hong Kong, Nigeria and India, as well as other countries including Mauritius, Seychelles, Bangladesh, France, Ivory Coast, Togo and GCC countries. He is a Member of various Emirates Islamic Senior Management committees, including the Executive Committee.

Education & Qualifications:
- MBA in Banking & Finance, The International University, USA
- Bachelor of Commerce, Pakistan
- Diploma in Banking, Institute of Bankers, Pakistan

Mrs. Farida Mohammad Rafi
Chief HR Officer
Year Joined: 2022

Key Responsibilities:
Mrs. Rafi is responsible for the upskilling and reskilling of the Emirates Islamic workforce, fostering a productive organisational culture and pay by performance, leadership readiness, and HR Transformation. She applies data-driven HR decision making that leverages people analytics to optimise processes, effectively supports the business to achieve its strategic objectives, and enhance employee experience.

Skills & Expertise:
Mrs. Rafi is a seasoned Human Resources leader with 25 years of experience, having led various HR functions across diverse industries ranging from banking to aviation. She has a proven track record of developing and implementing strategic HR initiatives that drive organisational growth and enhance employee engagement. She has extensive knowledge of building high performance teams and fostering a culture of innovation and inclusion. She has led wide scale projects relating to talent acquisition, employee retention, emiritisation, workforce planning, performance management and leadership development. She has successfully aligned HR strategies with business objectives, resulting in improved profitability and sustained competitive advantage for various world-class organizations that she has worked for across UAE.

Experience:
She has served as Head of HRBPs and Head of Talent Acquisition and Emiratisation. Prior to that, she served as Head of HR Operations & Administration at Abu Dhabi Airports Company (now Zayed Airports Company), Head of Employee Services & Payroll at UAE General Civil Aviation Authority, Head of HR Operations at Al Hilal Bank, and AVP HRBP at Emirates NBD.

Education & Qualifications:
- Master of Human Resources Management from Abu Dhabi University, UAE
- Executive training from leading business schools, such as INSEAD.

Dr. Asem Hamad
Head of Internal Shariah Audit
Year Joined: 2011

Key Responsibilities:
Dr. Asem successfully established and now maintains Emirates Islamic's Shariah Audit function as an independent and efficient third line of defence. His department supports the Bank's ISSC and BAC to accomplish their roles, as defined in Shariah Governance Framework. He is responsible for providing end-to-end and real time direction as well as supervision to Shariah audit team members, and he also ensures effective collaboration with Senior Management in Shariah-related matters.

Skills & Expertise:
Dr. Asem has more than 18 years of Islamic Banking experience in the UAE. During these years, he authored numerous books and research papers on Islamic finance and Shariah audit, as well as speaking at multiple Islamic banking conferences. He is an active member of UAE Banks Federation and an active participant in the CBUAE initiative of developing both Murabaha and Ijarah Standards.

Experience:
Dr. Asem began his banking career with ADIB in 2006 as a Shariah Audit Assistant and joined Emirates Islamic's Shariah Audi department in 2011 where he was involved in various key assignments before taking the leadership role of the Shariah Audit office.

Education & Qualifications:
- PhD in Jurisprudence and its Fundamentals from University of Sharjah, UAE
- Certified Shariah Adviser and Auditor from AAOIFI Bahrain, Bahrain
- Certified Islamic Professional Accountant from AAOIFI Bahrain, Bahrain
- Certified Manager Program from Harvard Business School, USA

Senior Management continued

Dr. Abdulsalam Kilani
Head of Internal Shariah Control Division
Year Joined: 2007

Key Responsibilities:
Dr. Kilani is responsible for developing and updating the Shariah control strategy in alignment with Emirates Islamic's goals, and leading Shariah awareness programmes to mitigate Shariah non-compliance risks. He also oversees Shariah compliance for products and investments, ensures alignment with Emirates Islamic's ISSC resolutions, and supervises Shariah control processes and updates per CBUAE Higher Shariah Authority and the Bank's ISSC resolutions.

Skills & Expertise:
Dr. Kilani has been managing the Shariah departments of Islamic banks in the UAE for more than 15 years and has extensive experience in consulting and Shariah governance, in addition to Shariah control, auditing and training.

Experience:
Dr. Kilani has been the Head of Shariah Control Division of Emirates Islamic since 2021 and was the Head of Shariah Department before that, reporting directly to the CEO and responsible for leading the new Shariah Department following the Bank's merger with Dubai Bank. Prior to that, he was the Shariah Advisor and Head of Shariah Department for Dubai Bank, where he established the Shariah Department after the Bank's conversion to a Shariah-compliant model, reporting directly to the CEO and providing technical oversight to the Shariah Supervisory Board.

Education & Qualifications:
- PhD in Transactional Jurisprudence from The Scandinavian University, Norway
- Master's in Transactional Jurisprudence from American University, UK
- Bachelor's in Islamic studies from UAE University, UAE

Dr. Ahmed Alkhalfawi
Head of Legal – Emirates Islamic and Group Company Secretary
Year Joined: 2022

Key Responsibilities:
Dr. Alkhalfawi is responsible for, amongst other things, ensuring that Emirates Islamic complies with all relevant laws and regulations and implements effective corporate governance processes.

Skills & Expertise:
Dr. Alkhalfawi has over 17 years of experience in legal, leadership and management roles, as well as corporate governance.

Experience:
Dr. Alkhalfawi previously held senior legal roles in government and semi government entities, including DP World, Jebel Ali Free Zone, Jebel Ali Authority Dubai, Dubai Islamic Bank and HSBC.

Education & Qualifications:
- PhD in Shariah and Judiciary Law from Islamic Science University of Malaysia, Malaysia
- Master's in Private Law from University of Jazeera, UAE
- Bachelor's in Law from Ajman University, UAE

Mr. Ebrahim Qayed
Head of Treasury & Markets
Year Joined: 2012

Key Responsibilities:
Mr. Qayed is responsible for managing the Bank's liquidity and strategic balance sheet, providing treasury sales, structuring, and execution solutions to business units within the Bank, and managing the Bank's investment book.

Skills & Expertise:
Mr. Qayed provides Emirates Islamic with expertise in FX and derivatives structuring, digitisation solutions, and hedging Solutions, as well as exceptional leadership and communications skills.

Experience:
Mr. Qayed has more than 15 years of experience in Treasury & Markets, including as Head of Treasury & Markets at Emirates Islamic for over five years, with responsibilities that include realising the unit's vision, mission, objectives, performance, and budgets. Prior to that, he held various roles at Emirates NBD, including Branch Manager, Head of Flow and Execution Desk, and Head of Treasury Sales and Structuring.

Education & Qualifications:
- Master's in International Business from Monash University, Australia
- Bachelor's in Information Systems from University of Melbourne, Australia

Mr. Mohamed Al Hadi
Head of Retail Banking & Wealth Management
Year Joined: 2017

Key Responsibilities:
Mr. Hadi brings to the role a wealth of experience and a distinguished career trajectory. He is responsible for the retail banking segment covering personal, private, and business banking segments, branches, and customer experience.

Skills & Expertise:
Mr. Hadi possesses a robust skill set in distribution sales, wealth management, and retail segment management. His expertise lies in fostering strong client relationships and delivering tailored financial solutions that meet diverse customer needs. He has a proven track record of driving sales growth and enhancing service delivery through strategic planning and effective team leadership.

Experience:
Leadership positions across various divisions within the Emirates NBD Group including, Retail Distribution, Priority Banking, Strategy & Wealth Management.

Education & Qualifications:
- Executive Education from Harvard Business School, USA
- Executive MBA from Bayes Business School, UK
- BSc Accounting and MIS from American University of Sharjah, UAE

Other Key Management

Mr. Vivek Shah
Head of Corporate Banking
Year Joined: 2019

Key Responsibilities:
Vivek Shah currently leads the Corporate & Institutional Banking at Emirates Islamic Bank, a subsidiary of Emirates NBD Group. In his current role, he is responsible for the overall growth of the business primarily focusing on deepening and expanding relationships with local and international Corporates, Financial Institutions and Sovereigns while managing account profitability and wallet share through enhancement of product suite. He is also a member of the Executive Committee and Wholesale Banking Islamic Sustainable Finance Committee at Emirates Islamic Bank.

Skills & Expertise:
Vivek is a competent professional with expertise in financial management, corporate and institutional banking, loan syndications and debt capital markets. He has established track record of driving performance in leadership roles.

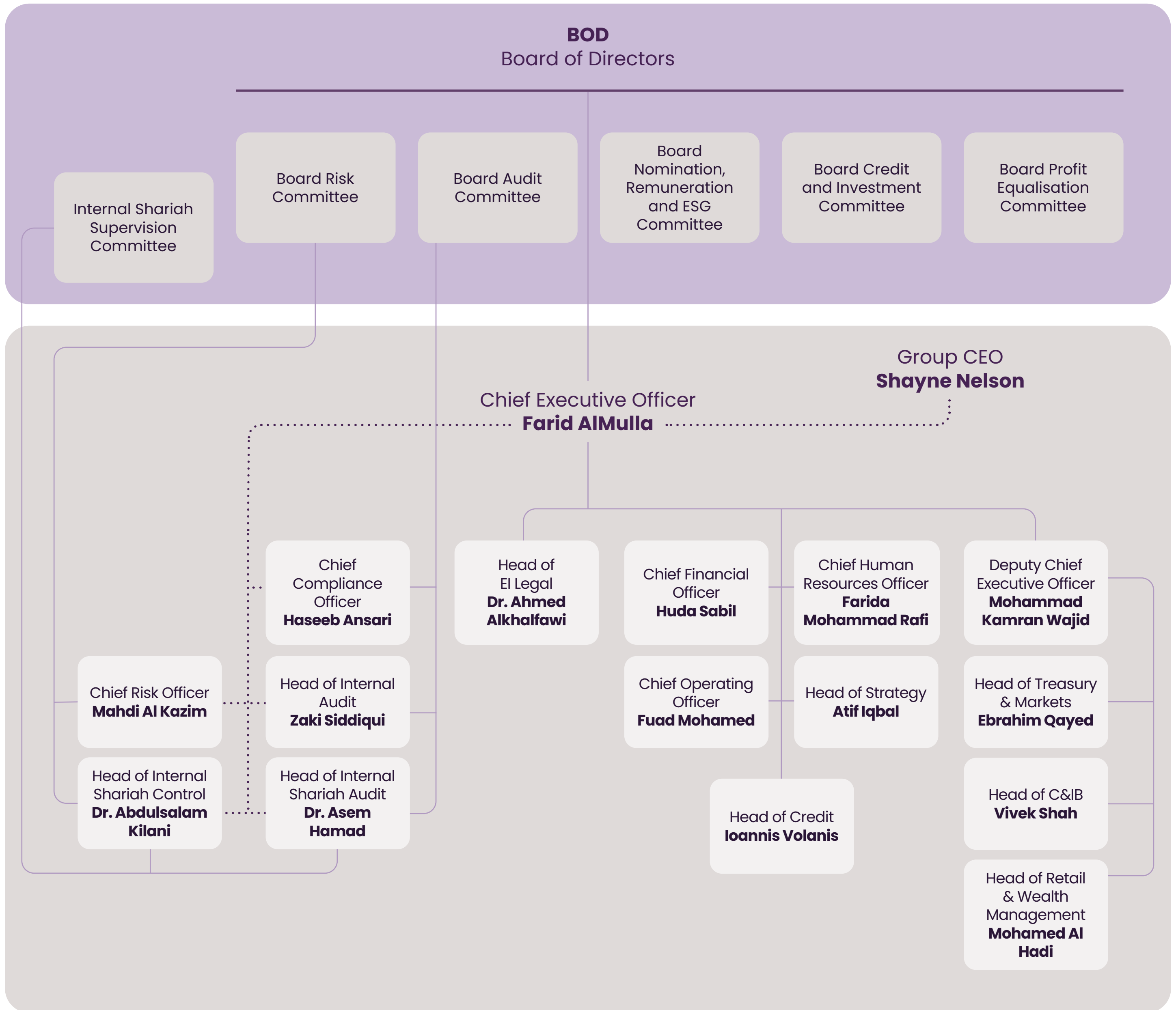
Experience:
Vivek has over 22 years of experience in banking sector and corporate finance in various leadership roles. Previously, Vivek has served ENBD Group for 9 years in various capacities including Regional Head of Institutional and International Banking & Debt Capital Markets at Emirates NBD Bank and Head of Loan Syndications at Emirates NBD Capital. He has also served as Group CFO for Emerald Palace Group in the UAE.

Education & Qualifications:
- MBA degree in Investment Banking, Finance & Marketing from Indian Institute of Foreign Trade (IIFT), India
- Qualified Chartered Accountant and Company Secretary.

Corporate Governance Framework

Emirates Islamic Bank is committed to good corporate governance, which provides a solid basis for its future development and corporate performance, supports trust in its activities as a recipient of depositors' funds and shareholders' capital, and enables it to contribute to the successful development of the financial system of the UAE.

Our Governance Model



The Bank's Corporate Governance Framework is based on the principles of responsibility, accountability, transparency and fairness to support sound and prudent decision making.

Emirates Islamic is committed to its Corporate Governance Principles

Corporate Governance

Responsibility	Accountability	Transparency	Fairness
Clear division and delegation of authority	In relationships between Bank's board, management, shareholders and other stakeholders	To enable stakeholders to access the Bank's financial performance and condition	In the treatment of all stakeholders

Fundamental Pillars of Corporate Governance

The Corporate Governance Framework consists of Emirates Islamic's Corporate Governance Manual, Board Charter and a series of Board policies.

The **Corporate Governance Manual** identifies the responsibilities and accountabilities of the Board and individual Directors, Board Committees and supporting management functions. It also provides an overview of the overall governance approach within Emirates Islamic. The **Board Charter** details the protocols and policies of the Board and is supplemented by specific Board policies related to conflicts of interest, fitness and propriety, remuneration and performance evaluation.

The Corporate Governance Manual sets out four broad tiers/levels of roles:

(i) Board: The Board has the ultimate responsibility for ensuring that an appropriate and effective governance framework is established and maintained to manage and control the Bank's activities.

(ii) Board-level and Senior Management Committees: The Board delegates authority to Committees and establishes standards for the control and governance of the Bank. Committees have responsibilities and authorities as defined in their Terms of Reference.

(iii) Functions: Individual functions perform business and control activities, which are compliant with all internal policies, procedures, guidelines, external laws and regulations.

(iv) Individuals: The business and function heads are delegated with authorities necessary to ensure effective governance and compliance.

As such, the Corporate Governance Framework guides the Board and Senior Management in the discharge of their duties, aligns their interests with those of shareholders and other key stakeholders, and ensures risks are managed prudently.

Key Initiatives in 2024

In line with the Bank's commitment to continuous improvement, a range of key initiatives were implemented during 2024 to enhance corporate governance, including:

- Updating the Terms of Reference of Board Committees to ensure alignment with regulations and best practices.
- Reviewing internal policies and frameworks to align with updates in the SCA Corporate Governance Regulations and CBUAE Fit and Proper Regulations.
- Conducting an independent external board evaluation of the Board, Board Committees and Board Members, in line with applicable Corporate Governance Regulations.
- Establishing a Power of Attorney Policy for enhanced governance on delegation of authority.
- Continuous review of existing risk frameworks and policies to ensure the Bank remains protected, given the ever-evolving risk landscape.
- An independent review of the compensation system, in accordance with applicable Corporate Governance Regulations.
- Inclusion of ESG KPIs in Senior Management scorecards.

Authority Framework

All authority throughout Emirates Islamic is ultimately derived from the Board, which ensures an effective system of internal control.

Board

The Board has overall responsibility for the Bank, including approving and overseeing the implementation of the Bank's strategic objectives, complying with all laws and regulations applicable to the Board, governance framework, and corporate culture. The Board is responsible for the overall direction, management, supervision and control of the business affairs of the Bank and provides leadership in the development and implementation of the vision and mission of the Bank. The Board is also responsible for providing oversight of Senior Management.

Chairman of the Board

The Memorandum of Association of the Bank confers authority upon the Chairman to act on behalf of the Bank. The Chairman is responsible for leading the Board and focusing it on strategic matters, overseeing the business of Emirates Islamic and setting high governance standards. The Chairman plays a pivotal role in fostering the effectiveness of the Board and of the individual Directors. The Chairman, on behalf of the Board, delegates specific powers and responsibilities to the Bank's Chief Executive Officer by virtue of a duly notarised Power of Attorney ("POA"), who subsequently sub-delegates specific authorities to members of Senior Management of the Bank.

Board Committees

Whilst the Board is ultimately responsible for the conduct of Emirates Islamic's affairs, for greater efficiency and to assist it in carrying out its responsibilities, Board Committees have been established with formally delegated objectives, authorities, responsibilities and terms.

The Board has established five (5) permanent Board Committees. Each Committee has its own Board-approved Terms of Reference, which sets out the responsibilities of the Committee and how it reports to the Board. The Chairman of each Board Committee determines the frequency of Committee meetings, consistent with the Committee's Terms of Reference and the requirements of Emirates Islamic.

The Board regularly reviews the composition of the Board Committees. The Board Audit Committee ("BAC") and the Board Risk Committee ("BRC") continued to have an Independent Director as the Chair, and the BRC had a majority of Independent Members, as required by CBUAE Regulations.

Further details of Board Committees can be found in the Board Committee Reports section on pages 86-97.

Management Committees

The Board has established various Management Committees to assist in the day-to-day management of the Bank's activities. These Committees have duly approved Terms of Reference, which set out the responsibilities of each Committee and to whom it reports. Further details of key Management Committees can be found in the Management Committee section on page 102.

Senior Management

Emirates Islamic has established internal authority matrices to delegate authority to members of Senior Management and employees. During 2024, the Board also approved a Power of Attorney Policy for the purpose of outlining the principles and conditions for management of POAs, including the issuance of clearly defined authority to Senior Management to run their respective business/support units on behalf of the Bank. The Senior Management can further sub-delegate powers to the extent necessary to employees or external authorised representatives, limited to a term of three (3) years.

Board Composition

Emirates Islamic's Board composition is in line with all relevant regulations and is reviewed frequently to stay up to date with any new changes in regulations and includes the following areas.

Gender and Board Diversity

The UAE continues to enhance gender diversity through Corporate Governance Regulations, including those set by the CBUAE and SCA. Current regulations stipulate that at least 20% of the candidates considered for appointment to the board of a listed company must be female.

H.E. Huda Sayed Naim AlHashimi was appointed as Emirates Islamic's first female Board member in early 2022.

The Board currently has 14.2% female representation, which is in line with its Board Charter and regulatory requirements.

The BNRESGC supports the nomination of female candidates and will continue to review opportunities to include gender diversity as part of the Board succession process. The Bank is also committed to playing a progressive role in promoting gender, cultural and ethnic diversity across the organisation. Emirates Islamic's employee base is currently 66% female, showing the Bank's eagerness and commitment to support diversity.

UAE Nationals

As per UAE Regulations, the majority of the Members of the Board must be UAE Nationals, Currently, all of Emirates Islamic's Directors are UAE Nationals, including the Chairman of the Board.

Board Member Independence

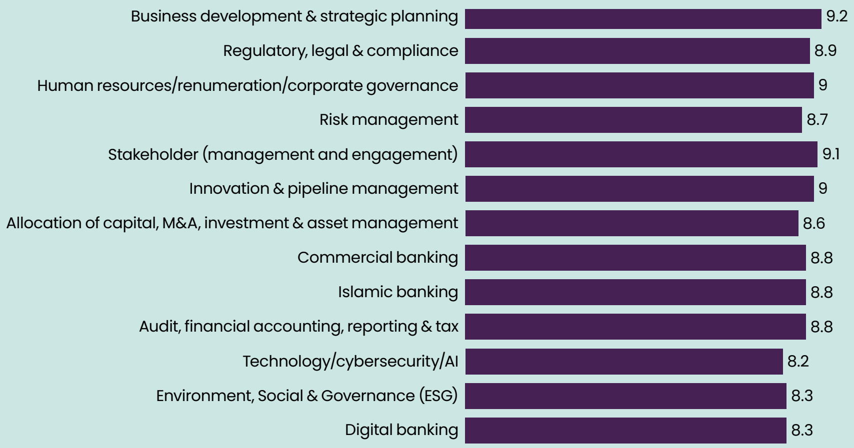
As per UAE Regulations, a minimum of one-third of the Board Members must be Independent. Currently, three (3) out of seven (7) of the Board Directors of Emirates Islamic are assessed to be Independent, as per the criteria prescribed by the CBUAE below:

- If the tenure of the Board Member exceeds twelve (12) consecutive years from the date of his/her appointment. This provision applies equally to persons appointed by a government shareholder;
- If the Board Member, or any of his/her first-degree relatives, have been employed by Emirates Islamic or its subsidiaries during the past two (2) years;
- If the Board Member has been employed, or is a partner, in a company that performs consulting works for Emirates Islamic or the Group, or he/she has acted in such capacity during the past two (2) years;
- If the Board Member has had any personal services contracts with Emirates Islamic or the Group during the past two (2) years;
- If the Board Member has been affiliated with any non-profit organisation that receives significant funding from Emirates Islamic or the Group;
- If the Board Member, or any of his/her first-degree relatives, has been a partner or employee of the auditors of Emirates Islamic during the past two (2) years;
- If the Board Member, or any of his/her first-degree relatives, has or had a direct or indirect interest in the contracts and projects of Emirates Islamic or it's subsidiaries during the last two (2) years, and the total of such transactions exceeds the lower of 5% of Emirates Islamic's paid capital or five million Dirhams or its equivalent amount in a foreign currency, unless such relationship is part of the nature of Emirates Islamic's business and involves no preferential terms; and
- If the Board Member and/or any of his/her first-degree relatives (individually or collectively) own directly or indirectly 10% or more of Emirates Islamic's capital or is a representative of a shareholder who owns directly or indirectly more than 10% of Emirates Islamic's capital.

Board Skills

Collectively, the Board comprises seven (7) Non-Executive Directors contributing a wide range of skills, competencies, diversity, expertise and experience from a range of backgrounds, including in the areas of banking, finance, audit, strategic planning, business development, regulatory compliance, human resources and remuneration, corporate governance, ESG, risk management, technology and digital and Islamic banking.

Skills and Experiences*



*The chart reflects the self-rating of the Directors on a scale of 1 to 10.

Board Responsibilities

The Board's core mandate is to oversee the implementation of the Bank's strategic objectives; determine the overall direction, management, supervision, and controls of the business affairs of the Bank; and provide leadership in the development and implementation of its vision and mission.

The Board also provides oversight of Senior Management while complying with all requirements relating to laws and regulations, its governance framework, and its corporate culture. The key responsibilities of the Board include, but are not limited to:

Strategy and Management

Strategic Oversight

Formulate and monitor the Bank's business objectives and strategic plans, while mitigating financial, legal, reputational and other risks to the Bank. Approve and monitor major investments, divestitures, strategic commitments, operational initiatives and the Bank's annual budget.

Management Oversight

Establish a fit and proper process for the selection of Senior Management, as well as monitor and review executive succession planning, including the Chief Executive Officer. Monitor Senior Management's actions to ensure that they are consistent with the strategic objectives and policies approved by the Board and are aligned with the Bank's values, risk appetite and risk culture.

Performance Review

Review business results and monitor budgetary control and report any breach or failure to comply. Set appropriate performance standards for Senior Management.

Financial Management

Capital Adequacy

Make decisions concerning the Bank's capital structure and its dividend policy and oversee the implementation of the Bank's capital adequacy assessment process, capital and liquidity plans, and relevant policies and obligations.

Credit Responsibilities

Implement key credit and liquidity policies and approve credit commitments, in accordance with the CBUAE requirements, including facilities to related parties.

Financial Oversight

Establish commercial and financial policies, processes, controls and procedures to maintain the integrity of the Bank's accounting and financial records and statements and approve the annual and interim financial statements.

External Reporting

Monitor reporting to shareholders to ensure that it is objective, comprehensive, factual and timely, and establish disclosure policies for the fair and timely public disclosure of material information, which is accurate, not misleading, complete and in line with regulatory requirements.

Risk Management and Controls

Risk Management

Establish and oversee implementation of an effective risk governance framework, risk appetite statement and risk management processes and culture across the Bank and determine the nature and extent of the risks it is willing for the Bank to bear to achieve its strategic objectives.

Internal Controls and Compliance

Establish an effective internal control framework across the Bank, taking into account the Bank's risk profile, and ensure the efficiency of internal controls throughout the Bank, including the management of finances and operations.

Ensure effective regulatory compliance programmes are in place (including without limitation AML/KYC/data privacy), and clearly articulate the expectations with regards to the responsibilities and accountability of all employees in relation to those programmes.

Culture and Compensation

Corporate Culture

Set the values of the Bank and establish and implement the Bank's Corporate Governance Framework, Code of Conduct and formal written policies and processes in accordance with applicable regulatory requirements and best practices, with due regard to Emirates Islamic's Stakeholders and customers and the Bank's role in the community.

Ethics and Values

At all times, act with integrity and exercise the duty of care, the duty of confidentiality and the duty of loyalty. Provide clear guidance about the Bank's purpose and set its values and ethical standards and ensure that management and employees behave with integrity and ethics and perform their jobs with skill, due care and diligence.

Compensation Framework

Oversee the design and operation of the Bank's compensation system and executive remuneration to ensure alignment with the long term interests of the Bank, risk culture and risk appetite, and relevant regulatory requirements.

Corporate Governance

Governance

Ensure effective control over the Bank's entire business, while respecting the independent legal and governance responsibilities that apply to the individual entities and ensure that management balances the opportunities and risks of the business of the Bank.

Board Effectiveness

Evaluate the performance of the Board, Board Committees and each Director, and ensure that Directors have sufficient time to devote to Board matters to discharge their duties effectively.

Delegation of Authority

Approve clear policies for the delegation of authority and the actual delegations to Senior Management, particularly in respect of the financial and administrative affairs of the Bank.

Board Management of Corporate Culture

Emirates Islamic continued to embrace a strong corporate culture during the year, which supports long-term sustainable shareholder value. During 2024, the Board and the Emirates Islamic Executive Committee continued to enhance and embed a strong corporate culture in a number of ways, including:

- Setting the "tone from the top" by playing a lead role in establishing, promoting, embedding and monitoring the Bank's corporate culture and values to ensure that all business is conducted in a legal and ethical manner.
- Monitored and influenced the culture, reputation and ethical standards of the Bank.
- Ensured strong engagement with employees and confirmed that they are aware that appropriate disciplinary or other actions will result from unacceptable behaviours and transgressions that do not adhere to the Bank's purpose and values.
- Embedded employee engagement scores into Senior Management scorecards.
- Continued to apply a written code of conduct, conflict of interest policy, whistleblowing policy mechanism, culture and values programmes (applying the values of Collaboration, Ownership, Drive and Enterprising), championing consumer protection
- Introduced a Mental Health Policy to support employees' wellbeing and ensure access to mental health resources.
- Fully launched the 'Speak Up-up' programme providing a confidential channel for reporting workplace misconduct and fostering a safe inclusive environment.
- Hosted the first 'Bring Your Kids to Work Day' promoting a family-friendly culture with activities, games and leadership engagement.
- Organised Culture Coffee Chat sessions for employees to engage with senior leaders, explore organisational culture, and discuss key insights and practices.
- Celebrated International Women's Day activities with a panel discussion featuring Her Excellency Huda Al Hashimi highlighting leadership and empowerment for women.

Board Appointments

Emirates Islamic recognises that an effective Board is the outcome of appointment of well-qualified and experienced Directors, who are critical to ensuring that the Board meets its primary responsibility of promoting the success of the Bank.

The Bank's Board appointment process is aligned with the Fitness and Propriety Regulations and Standards, the Corporate Governance Regulations issued by the CBUAE and the Bank's approved **Fit and Proper Policy**, which ensures that the appointed Board Members:

- Possess the necessary knowledge, skills and experience;
- Have a record of integrity and good repute;
- Have sufficient time to fully discharge their responsibilities;
- Provide for collective suitability and added value to the Board;
- Do not have any conflict of financial or non-financial interests; and
- Have a record of financial soundness.

The BNRESGC plays an important role in the selection and recommendation of potential Directors for appointment to the Board, ensuring that the Board comprises individuals with a balance of skills, diversity and expertise, who collectively possess appropriate qualifications required for the size, complexity and risk profile of the Bank. The BNRESGC also ensures that the Board comprises at least one-third Independent, and one female members, in line with CBUAE and SCA Regulations.

Appointments are made in line with the cumulative voting requirements under the UAE Commercial Companies Law and the Emirates Islamic Articles of Association pursuant to which Directors are elected by an ordinary resolution passed by shareholders at the Bank's General Assembly Meeting ("GAM") and their appointments are subject to approval by the CBUAE.

Before providing its no-objection for nominations, appointments or renewals, the CBUAE may conduct additional interviews and/or background checks to ensure the fitness and probity of the candidates, including their ability to manage the time commitments required for their role on the Board of the Bank, and confirm the accuracy and completeness of the information and documentation provided by Emirates Islamic.

In the event of a vacancy, the Board, assisted by the BNRESGC, may identify candidates with the appropriate expertise and experience, using external consultants and/or by placing advertisements, as appropriate. The most suitable candidate will be appointed by the Board within a maximum period of 30 days but must stand for election by the shareholders at the next GAM to confirm such candidate's appointment or appoint another instead.

As stipulated in Emirates Islamic's Articles of Association, all Directors hold office for a term of three (3) years and are eligible for re-appointment after that. The current Board is completing its three-year term, and a new Board will be appointed at the upcoming GAM to be held in February 2025.

Board Succession Planning

Emirates Islamic reviews its Board composition regularly to keep it aligned to regulatory requirements and to support the principles of Board independence, diversity and effectiveness. The Bank's continual reviews take account of:

- The skills required of the Board as a whole and of each of its Committees;
- The skills and tenure of each of its Directors;
- The diversity of the Board;
- Board independence; and
- Other regulatory requirements.

Board Induction and Continuing Awareness Programmes

Board induction and ongoing Board awareness programmes are vital to ensure that Directors keep up to date on key matters.

Board Induction

They ensure that Directors have the necessary skills and knowledge to discharge their fiduciary responsibilities effectively and to provide constructive challenge and enquiry to the business of the Board.

Therefore, the BNRESGC, working with Senior Management, provides a tailored induction programme for new Directors joining the Board, to ensure that they are properly orientated and well equipped to fulfil their duties and fiduciary responsibilities. The induction programme includes:

- Information about Directors' rights, duties and responsibilities, the Bank's strategic plans, its significant financial, accounting and risk management issues, its compliance programmes, its Corporate Governance Manual and Framework, its Code of Conduct, its management structure and an overview of the regulatory environment applicable to the Bank, including the Corporate Governance Regulations.
- Discussions with the Chief Executive Officer, Senior Management, the Company Secretary, the internal auditors and (where required or considered appropriate) external auditors.
- Appropriate reading materials, tutorials and workshops.
- The Board dedicates sufficient time, budget and other resources for its induction programme, and regularly reviews it to ensure that Directors acquire, maintain, and enhance knowledge and skills relevant to their duties and fiduciary responsibilities.

Board Awareness Programmes

Emirates Islamic provides ongoing Board awareness programmes during the year on a variety of topics relevant to the business. These awareness topics are developed in consultation with the Board and cover key issues that are considered relevant and appropriate, commensurate with the ongoing or evolving challenges and risks of the business and any regulatory requirements.

At the request of the BNRESGC, Senior Management provides additional presentations for Directors, on any matters that may help them gain deeper understanding and knowledge of the Bank.

The Board dedicates sufficient time, budget and other resources for its awareness programmes and regularly reviews them to ensure that Directors acquire, maintain, and enhance knowledge and skills relevant to their duties and fiduciary responsibilities.

Awareness Programmes

During 2024, the following Board awareness programmes, including programmes on regulations, governance and emerging technologies, were delivered to the Board:

Digital Assets

- Types of Digital Assets
- Digital Capital Transformation Cycle
- Global and Regional Perspective of the Industry

Corporate Governance

- Key Pillars of Corporate Governance
- Best Practices and leading trends in UAE Corporate Governance
- Recent Developments in UAE Corporate Governance Regulations
- Emerging developments in UAE Corporate Governance Regulations

AML/CFT

- Regulatory Environment
- Board and Senior Management Responsibilities
- Emerging Threats

Board Evaluation Process

The Board is committed to monitoring and improving its performance and implementing international best practices through annual Board evaluations.

a. Internal Evaluation

The Board reviews and evaluates the performance of the Board, each of the Board Committees and each of its Members annually, under the **Emirates Islamic Board Evaluation Policy.** This process provides the Board with an understanding of how Board Members view their own effectiveness, highlights areas of strengths and improvements, and provides an integrated picture of the performance of the Board and its Committees.

These annual assessments of the Board include but are not limited to:

Structure and Composition of the Board
Reviewing the structure, size and composition of the Board as a whole and its Committees.

Board Governance
Reviewing the effectiveness of Board governance procedures, determining where improvements are needed and making any necessary changes.

Board Member Performance
Assessing the ongoing suitability of each Board Member, taking into account the fit and proper criteria and his/her performance on the Board.

Emirates Islamic Internal Board Evaluation Process

1. **Review approach for performance evaluation**
2. **Enhance performance evaluation questions (as needed)**
3. **Questionnaire completed by Board Members**
4. **Results compiled anonymously and presented in a thematic manner**
5. **Report presented to BNRESGC to recommend suitable actions**
6. **BNRESGC Chairman highlights major areas of concern (if any) to the Chairman of the Board**
7. **Recommendations presented to the Board for an action plan**
8. **Group Company Secretary follow up on the agreed action plan**

b. External Evaluation

At least once every five (5) years, an independent evaluation of the Board, each of the Board Committees and individual Directors, using an independent external consultant, is conducted in line with the CBUAE Corporate Governance Regulations and Standards and SCA Corporate Governance Regulations.

During 2024, Emirates Islamic appointed Nasdaq Corporate Solutions as an independent external expert to conduct the external evaluation of:

- The Emirates Islamic Board;
- The Emirates Islamic Board Committees; and
- The Emirates Islamic Board Members.

The process involved the Board Members responding to questionnaires via a secure digital platform, accompanied by one-to-one interviews with selected Board members to provide more in-depth understanding of the Board's performance. The results were presented to the BNRESGC in the form of a report that contained anonymised and randomised information, in line with best practices in corporate governance. Following this process, the recommendations were presented to the Board.

The external evaluations included a review of:

- The Board's performance objectives and how it performed according to those objectives;
- The effectiveness of the strategy development process;
- The Board's contribution to effective risk management;
- The Board Members and Board Committees mix of skills and knowledge;
- The organisational structure and interaction between the Board, Board Committees and Senior Management;
- The efficiency of the Board in responding to problems and challenges;
- The efficacy of the relationship between the Board and its Committees;
- The Board's understanding of the latest regulatory and market developments;
- The Board Committees' Terms of Reference and how they performed against these Terms of Reference; and
- The Board Members continued fitness, probity, and independence.

Results of the 2024 External Evaluation Process

Overall, the 2024 external Board evaluation concluded that the Directors act with due care, skill, and diligence, and the Board and Board Committees performed well in 2024 in line with an effective structure.

Managing Conflicts and External Directorships

Conflicts of Interest

The Bank has adopted a Directors Conflict of Interest Policy to ensure that as far as possible, conflicts are avoided or, where necessary presented to the Board for its review and approval.

- Each Director once appointed and on a quarterly basis thereafter, must disclose all actual or potential conflicts to the Bank. These are recorded in the Register of Interests, which is maintained by Group Company Secretary and reviewed by the BNRESGC on a quarterly basis.
- As a result of written declarations submitted by each Director, the Board satisfies itself that the other commitments of the Directors do not conflict with their duties, or where conflicts arise, that the Board is sufficiently aware, and policies are in place, to minimise the risks.
- A Director who, in any way, has a conflict of interest in relation to a contract or proposed contract or arrangement with the Bank must declare the nature of that interest at a meeting of the Board and record the nature of such interest in the minutes. The Director may not vote on any resolution concerning such a contract or arrangement.

All employees and members of Senior Management are also bound by the Bank's Conflict of Interest Policy and Code of Conduct pursuant to which:

- All employees, at the time of joining, must disclose any external positions, directorships and/or shareholdings and consent to certain obligations to ensure such positions do not conflict with the interests of Emirates Islamic or the Emirates NBD Group or its clients as outlined in the Corporate Governance Regulations.
- Employees who subsequently take up/add additional external positions, directorships, and/or shareholdings, as well as existing employees who have previously declared external positions, directorships and/or shareholdings that transfer from their existing position within the Bank to a new position within the Bank, are also required to make such disclosures.
- All employees of the Bank are responsible for identifying potential conflicts, whether perceived, potential, or actual.
- A central register of all conflicts of interest identified is maintained and reported, together with the actions taken to mitigate such conflicts.

Each year, the Compliance department requests an annual declaration from Senior Management, which it reviews to ensure that the external appointments for each Senior Management member are in line with the Corporate Governance Regulations and in accordance with the Bank's policies and procedures.

External Directorships

Through the application of the Conflict of Interest Policy and the Directors Fit and Proper Policy, the Board ensures that any external directorships or other interests held by any Director:

- Are not excessive in number, as required by relevant regulations.
- Do not take up an unreasonable amount of time, to the prejudice of Emirates Islamic Board duties.
- Do not create any conflict of interest.

Emirates Islamic complies with all regulatory requirements in relation to overboarding, including:

- A Director may hold memberships in the boards of up to five (5) Public Joint Stock Companies ("P.J.S.C.") in the UAE, which includes P.J.S.C.s inside the Emirates NBD Group.
- A Director may not hold memberships in the board of any other bank in the UAE.
- A Director may hold membership in the board of up to four (4) banks outside the UAE.
- A Director must obtain permission from the Board before accepting a nomination to serve on another board and ensure no conflict of interest exists.
- Each Director must confirm annually that he/she has sufficient time available to manage the time commitments required from his/her role in the Bank.

The following table sets out the P.J.S.C. appointments held by each Director and their compliance with the regulations.

Board Member	Number of P.J.S.C. Appointments Held *	Number of Appointments Held in Banks Outside the UAE**	Compliant to Regulation	Sufficient Time Available for Emirates Islamic
Mr. Hesham Abdulla Al Qassim	3	2	✓	✓
Mr. Buti Obaid Buti Al Mulla	4	None	✓	✓
H.E. Mohamed Hadi Ahmed Al Hussaini	2	None	✓	✓
Mr. Salem Mohammed Obaidalla	2	None	✓	✓
Mr. Ali Humaid Ali Al Owais	5	None	✓	✓
H.E. Huda Sayed Naim AlHashimi	2	None	✓	✓
Mr. Shayne Keith Nelson	1	2	✓	✓

*Including Emirates Islamic
**Including Emirates NBD Group banking subsidiaries

Related Party Transactions

In accordance with the CBUAE Corporate Governance Regulations, Related Party Transactions ("RPTs") must be defined and identified, to prevent any potential or actual conflict of interest that may arise.

Emirates Islamic has developed an RPT framework and guidelines, which detail the processes in place to identify, assess, monitor, and report the Bank's exposures towards related parties. RPTs are entered into on an arm's length basis, on normal commercial terms, and continue to be monitored by or on behalf of the Board. Emirates Islamic maintains a register of related parties and details for each RPT.

RPTs and balances for 2024 and 2023 are set out in the following table:

Relationship	Type of transaction	2024 (AED 000)	2023 (AED 000)
Parent and related companies	Financing and other receivables	676,209	429,743
Directors and related companies	Financing and other receivables	9,683	4,240
Key management personnel and affiliates	Financing and other receivables	3,923	3,592
Ultimate parent company	Customer deposits and other payables	-	9
Parent and related companies	Customer deposits and other payables	3,790,181	4,578,147
Directors and related companies	Customer deposits and other payables	136	99
Key management personnel and affiliates	Customer deposits and other payables	20,404	18,983
Ultimate parent company	Investment in ultimate parent company	181,988	186,045
Parent and related companies	Positive fair value of Islamic derivative	45,190	67,476
Parent and related companies	Negative fair value of Islamic derivative	(111,929)	(116,858)
Parent and related companies	Notional amount of Islamic derivative	13,832,116	10,804,699
Parent and related companies	Recharges from group companies	(560,029)	(437,826)
Ultimate parent company	Income from investment	6,436	6,443
Parent and related companies	Income on financing receivables	57,370	55,114
Ultimate parent company	Distribution on deposits	-	3,911
Parent and related companies	Distribution on deposits	25,837	25,800
Key management personnel	Short term employee benefits	29,275	30,754
Key management personnel	Post employment benefits	969	1,062
Directors	Directors' sitting fee	3,682	3,651

Note: As at 31 December 2024, deposits from and loans to Dubai government related entities amounted to 17.2% (2023: 14.2%) and 4.8% (2023: 4.2%) respectively, of the total deposits and loans of the Bank. These entities are independently run business entities and all financial dealings with the Bank are on normal commercial terms.

Directors' Ownership of Shares and Securities

No Directors hold any share of Emirates Islamic.

Board of Directors' Remuneration

The **Directors' Remuneration Policy** is consistent with Emirates Islamic's culture, control environment and long-term objectives. The BNRESGC reviews and makes annual recommendations to the Board on the form and amount of Directors' remuneration, taking into consideration the amount of time they are engaged with Emirates Islamic's affairs, as well as the extent and complexity of their responsibilities, including serving on Board Committees. Committee Members were paid an allowance of AED 20,000 for each meeting they attended in 2024. The amount of Directors' remuneration is recommended to shareholders by the Board.

The following table sets out the total Board fixed fees paid to each of the Emirates Islamic Board Directors during the year ended 31 December 2024:

Board Member	Role	Remuneration paid in 2024 (AED)
Mr. Hesham Abdulla Al Qassim	Chairman	2,000,000
Mr. Buti Obaid Buti Al Mulla	Vice Chairman	1,000,000
H.E. Mohamed Hadi Ahmed Al Hussaini	Director	1,000,000
Mr. Salem Mohammed Obaidalla	Director	1,000,000
Mr. Ali Humaid Ali Al Owais	Director	1,000,000
H.E. Huda Sayed Naim AlHashimi	Director	1,000,000
Mr. Shayne Keith Nelson	Director	Nil

A collective total of AED 7 million for the Board Directors was approved by shareholders for each of the 2022 and 2023 financial years. It is proposed that the same level of fixed remuneration of AED 7 million for the 2024 financial year be recommended for approval by the shareholders at the 2025 GAM, along with the sitting and any additional fees / allowance payable to Directors, in line with Directors' Remuneration Policy.

Board Leadership

Board meetings held during 2024

- Board meetings take place regularly, at least six (6) times per year, or more, if and when required.
- In order to ensure that all relevant and appropriate agenda items are tabled for review/noting/approval during the year, it is the Bank's practice to develop a standing annual agenda schedule, setting out the standing agenda items to be tabled during the year.
- The Bank's policy is that Directors should demonstrate "constructive challenge and enquiry," and also be of "independent mind and spirit". The Chairman also ensures that there is effective debate, encouraging a wide variety of views, and that each Director has an opportunity to contribute fully. This is to ensure that the Board decisions take all key matters into account and are in the best interest of the Bank.
- The Board and Board Committee agendas are drafted by the office of the Bank Company Secretary and shared with the Chairman for review/approval, as well as with the CEO.
- The Board has a positive, constructive working relationship with Management, and the Board meeting agenda and papers are submitted to Board Members in advance to ensure informed decision making.
- The attendance of individual Directors is recorded at each Board and Board Committee meeting.
- During 2024, six (6) scheduled Board meetings were held to discuss fundamental business of the Bank, including reviewing and approving strategic and business performance and other key matters as set out on page 85.

Board attendance during 2024

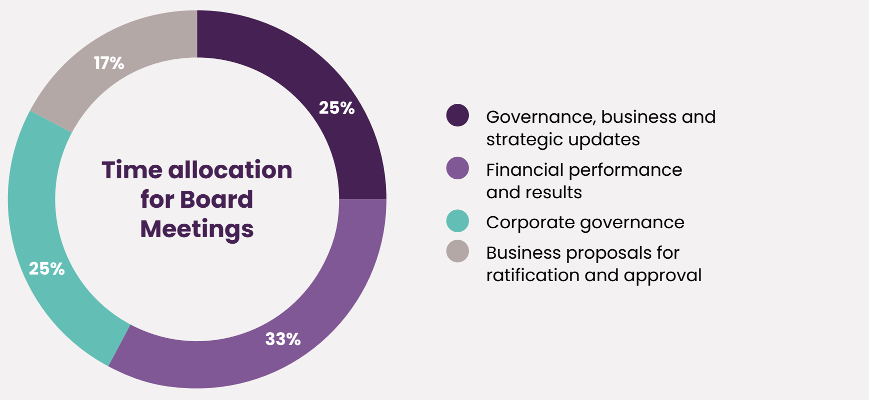
The following table sets out the Board meetings attended by each Director during 2024. Whenever a Director is unavoidably absent from a Board or Board Committee meeting, he/she still receives and reviews the agenda and papers for that meeting. Generally, a Director unable to attend shall provide verbal or written input ahead of the meeting, usually through the Chairman or Company Secretary of the Board. This is to ensure that his/her views are considered at the meeting.

		Board Meeting Dates and Attendance					
Board of Directors	Role	24 Jan 2024	24 Apr 2024	17 Jul 2024	16 Oct 2024	20 Nov 2024	11 Dec 2024
Mr. Hesham Abdulla Al Qassim	Chairman	✓	✓	✓	✓	✓	✓
Mr. Buti Obaid Buti Al Mulla	Vice Chairman	✓	✓	✓	✓	✓	✓
H.E. Mohamed Hadi Ahmed Al Hussaini	Director	✓	✓	✓	✓	✓	✓
Mr. Salem Mohammed Obaidalla	Director	✓	✓	✓	✓	✓	✓
Mr. Ali Humaid Ali Al Owais	Director	–	✓	✓	✓	✓	✓
H.E. Huda Sayed Naim AlHashimi	Director	✓	✓	✓	✓	✓	✓
Mr. Shayne Keith Nelson	Director	✓	✓	✓	✓	✓	✓

Board Key Agenda Items during 2024

In 2024, six (6) Board meetings were held and the following matters were considered. In addition, the Board passed two (2) resolutions by circulation in 2024.

	Jan	Apr	Jul	Oct	Nov	Dec
Financial Performance and Results						
Review of Bank Financial Results and External Auditors Report	•	•	•	•		
Recommendation for appointment of Bank External Auditors for the 2024 financial year	•					
Review of dividend proposal FY2024	•					
Rotation of External Auditors			•			
Financial forecast 2024						
Budget 2025					•	
Strategic Performance						
Emirate Islamic Bank strategic priorities					•	
Corporate Governance						
Review of Annual Integrated Report for 2023, including Strategic Report, ESG Summary, Corporate Governance Report, Annual Shariah Report, Directors' Report, Auditors' Report and Financial Statements	•					
Review of Notice of 2024 GAM	•					
Review of Board remuneration	•					
Review of Board oversight principles	•					
Review of Bank organisational structure					•	
Re-appointment of Internal Shariah Supervision Committee members				•		
Update of Board Committee Terms of Reference				•	•	•
2025 calendar and provisional agendas for Board and Committee Meetings						•
Subsidiary board membership						
Governance and Business Updates						
Board Committee reports and updates	•	•	•	•		•
International subsidiary board updates		•	•	•	•	
Bank Risk Appetite Statement 2024		•				
Review of Related Party Transactions		•	•	•	•	
Update on CBUAE Credit Risk Management Regulations and Standards			•			
Interim review of Risk Appetite Statement 2024				•		



Board Audit Committee (“BAC”)

Mr. Salem Mohammed Obaidalla

Remit

The responsibilities of the BAC include providing oversight of:

- the qualifications, independence and performance of the Bank’s External Auditors;
- the integrity of the Emirates Islamic’s financial statements, reporting and audit controls;
- the qualifications, independence and performance of the Internal Audit, Compliance and Internal Shariah Audit departments;
- the Bank’s internal control system to ensure it adequately covers the conduct of the Bank’s business, taking into account the Bank’s internal controls over financial reporting and disclosure;
- the adequacy and effectiveness of the corporate governance environment;
- Shariah audit and compliance; and
- the Bank’s compliance with applicable legal and regulatory requirements (including Shariah regulations), and with the Bank’s policies (unless specifically delegated to other Board Committees).

Committee Composition

The BAC Chairman and Members have been appointed by the Board, after duly considering the recommendations of the BNRESGC. The BAC composition is compliant with CBUAE regulatory requirements, which require three (3) Non-Executive Directors, including an Independent Chair distinct from the Chair of Board and other Committees, who collectively have experience in audit practices, financial reporting, accounting and compliance.

Mr. Salem Mohammed Obaidalla
Chairman
Independent Non-Executive Director

Mr. Ali Humaid Ali Al Owais
Member
Independent Non-Executive Director

Mr. Shayne Keith Nelson
Member
Non-Independent Non-Executive Director

Statement from the Chairman of BAC

As Chairman, I am pleased to provide the annual report on the activities of the BAC for the year 2024. The BAC conducted four (4) meetings in 2024 to effectively discharge its responsibilities in accordance with its Terms of Reference and regulatory obligations.

As part of its primary obligations, the BAC reviewed the Financial Results along with the External Audit Reports for the year ended 2023 and the Quarterly Financial Results for 2024. The BAC ensured the independence of the External Auditor and the effectiveness of the audit process.

The BAC continued to ensure the independence of the Internal Audit function. The Internal Audit Plan and the Internal Shariah Audit Plan for 2024 were both approved to ensure that Emirates Islamic’s internal governance and controls remained robust. The implementation progress of the audit plans and significant issues raised by Internal Audit and Internal Shariah Audit were regularly monitored during the year by the BAC.

The BAC approved the Compliance Monitoring Plan for 2024, Gifts and Hospitality Register of 2023, Emirates Islamic’s Annual Letter of Attestation for 2023 and continued to receive regular updates from the Bank’s Chief Compliance Officer with respect to regulatory changes including its implementation as required, customer and payment screening, transaction monitoring, Russian payments and correspondence banking relationships and enhanced customer due diligence reviews.

The BAC ensured that the ISSC member is invited to attend the BAC meeting if an item required the presence of ISSC representative and that such representative at least attended one BAC meeting in a year. It is also to be noted that the Internal Shariah Control Division (“ISCD”) no longer reports to the BAC and henceforth reports into the Board Risk Committee.

The effectiveness and performance of the BAC was reviewed as part of the annual evaluation process which was conducted by an independent external party this year in accordance with regulatory requirements. The results reflected that the BAC was discharging its responsibilities in an effective and efficient manner.

I hereby acknowledge my responsibility to discharge the responsibilities of the BAC under its Terms of Reference and ensure its effectiveness.

2025 Priorities

The BAC’s schedule in 2025 will include a minimum of four (4) meetings focused on, amongst other things, the integrity of Emirates Islamic’s financial statements, IFRS 9 governance practices, emerging risks, assessment and oversight of the activities and performance of Internal Audit, Compliance and Internal Shariah Audit departments, as well as the performance of Emirates Islamic’s external auditor.

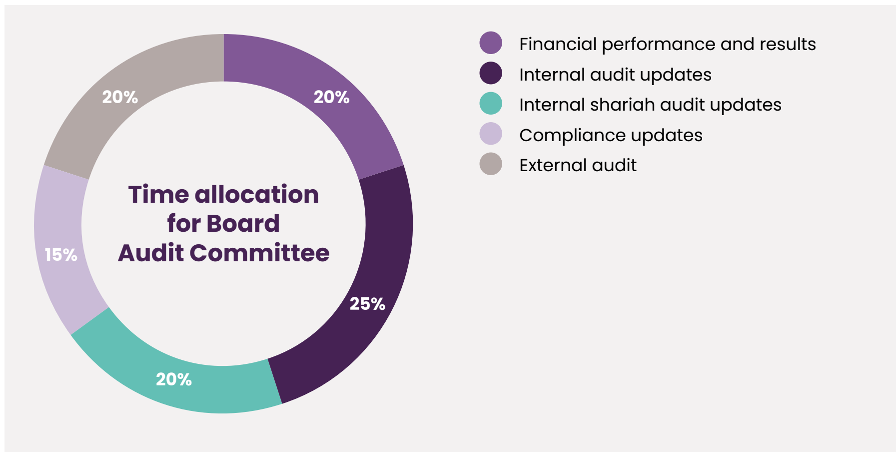
Mr. Salem Mohammed Obaidalla
Chairman, Board Audit Committee

BAC Meeting Attendance 2024

BAC Members	Meeting Attendance in 2024
Mr. Salem Mohammed Obaidalla	4/4
Mr. Ali Humaid Ali Al Owais	3/4
Mr. Shayne Keith Nelson	4/4

Key Matters Considered during 2024

	Jan	Apr	Jul	Oct
Financial Performance, Results and External Audit				
Review of Financial Results and External Auditors’ Report	•	•	•	•
Regulatory Reports				
Review and update on CBUAE Examiner’s Reports	•	•	•	•
Review and update on FAA Audit Reports	•	•	•	•
Internal Audit				
Quarterly Internal Audit Report	•	•	•	•
Internal audit plan 2024	•			
Internal shariah audit				
Internal shariah audit charter	•			
Internal shariah audit manual	•			
Adjustment to the 2024 audit plan				•
Control pulse update		•		•
Quarterly Internal Shariah Audit Report	•	•	•	•
Review of Internal Shariah Audit plan for 2024	•			
Compliance				
Compliance Report	•	•	•	•
Compliance monitoring plan	•			•
Annual Letter of Attestation for 2023	•			
Gifts & Hospitality Register of 2023	•			



External Auditor

BAC and External Auditors

The Board has delegated to the BAC the responsibilities relating to oversight of the qualifications, independence and performance of the Bank's External Auditor. As per the BAC Terms of Reference, its responsibilities with respect to the External Auditor include, but are not limited to:

- establishment of Bank's policies for the selection and rotation of the External Auditor;
- making recommendations to the Board regarding the appointment, reappointment or dismissal of the External Auditor;
- reviewing the terms of engagement and fees to be paid to the External Auditor and recommending to the Board for approval;
- ensuring and monitoring independence of the External Auditor and make recommendations to the Board regarding rotation of the External Auditor and partner in charge, in line with the CBUAE regulations;
- monitoring independence and objectivity of the External Auditor and assessing effectiveness on an annual basis;
- meet the External Auditor in the absence of Senior Management;
- reviewing of the audit plan and scope of the audit to ensure it reflects changes in size, business mix or complexity of the Bank, or the instructions of the CBUAE; and
- monitoring the provision of non-audit services by the External Auditor and ensuring that the External Auditor does not carry out any additional work that is not part of the audit program, if it may affect their impartiality and independence.

Selection of the External Auditor

The External Auditor appointed by shareholders at the 2023 GAM for the 2023 financial year was Deloitte & Touche (M.E) and Deloitte & Touche (M.E) has served for six (6) consecutive years as the external auditor of Emirates Islamic. The Audit Partner at Deloitte & Touche (M.E) in charge of the external audit rotates every three (3) years. External audit firms may only be appointed for a maximum of six (6) consecutive years. The Bank must rotate its External Auditor for the financial year 2025.

Selection Criteria

In addition to the key responsibilities of the BAC referred to above, the BAC also reviews and approves the external audit approach, including the evaluation, independent appointment or re-appointment, and terms of engagement and rotation of the auditing firm and/or the principal partner in charge of the audit.

The evaluation assesses the External Auditor's independence, objectivity and professional scepticism and the relevant safeguards to independence implemented by the External Auditor.

The selection criteria include ensuring capacity of the audit firm to manage the audit effectively and competently, taking into account the scale and complexity of the Bank, as well as ensuring independence, no conflicts of interest, and a strong, experienced, and capable audit partner and team.

The BAC ensures that the External Auditor meets the following criteria:

- has banking industry knowledge and competence sufficient to respond appropriately to the risks of material misstatement in the financial statements and to properly meet any additional regulatory requirements that may be part of the external audit;
- is objective and independent in both fact and appearance with respect to the Bank;
- exercises professional scepticism when planning and performing the audit, having due regard to the specific challenges in auditing the Bank;
- complies with the applicable standards on quality control;
- identifies and assesses the risks of material misstatement in the Bank's financial statements, taking into consideration the complexities of the Bank's activities and the effectiveness of its internal control environment;
- provides assurance that the audit engagement team members have no personal, family, business, financial or other relationships with the Bank which could adversely affect the External Auditor's actual or perceived independence and objectivity;
- has not purchased or sold, directly or indirectly the securities of the Bank or provided any consultancies to any person in connection with such securities during the blackout period; and
- may not serve on the Board or hold a position in Senior Management before two years have lapsed from the time of involvement in the Bank's audit.

The BAC also reviews the audit scope and approach for the year proposed by the External Auditor. The BAC communicates with the external audit team on a number of occasions during the year, without the presence of any of the Senior Management, to discuss periodic and annual reporting, audit findings, changes in accounting and reporting standards, and other necessary business. The BAC reviews the performance, independence and quality of the External Auditor annually, including any regulatory conditions and thresholds on independence, rotation and qualifications of the audit firm and its staff.

Fees

The BAC approves the fee for in-scope external audit services at the beginning of each year. The scope of services includes audit services, audit-related services and any other relevant services. The BAC may approve additional fees for the services of External Auditors that may arise throughout the year or where the fee exceeds the prior approved amount.

Special (Non-Audit) Services

The BAC is mandated to monitor the independence of the External Auditor to ensure objectivity in the financial statements, to review its statutory audit scope and non-audit services, and to approve its fees. Emirates Islamic has established a Non-Audit Services Policy to ensure that due process is followed for providing non-audit services by the External Auditor that are not restricted, as per the CBUAE Regulations.

There were no special (non-audit) services provided by the External Auditor during 2024 and, accordingly, no fee was rendered for non-audit services.

2024 Audit

No reservations were raised by the External Auditor with respect to the year ended 31 December 2024.

Name of the audit office and partner auditor	Deloitte & Touche (M.E.) Mr. Akbar Ahmed
Number of consecutive years served by partner auditor	1st year
Total fees for auditing Emirates Islamic's consolidated financial statements for 2024	AED 0.8 million
Fee for any non-audit services	NIL

Board Risk Committee ("BRC")

Mr. Ali Humaid Ali Al Owais

Remit

The BRC provides oversight of risk management, as part of its responsibility to advise the Board on the overall risk strategy, risk appetite and risk tolerance of the Bank. As per BRC Terms of Reference its responsibilities include:

- alignment of Emirates Islamic's strategic objectives with risk profile and risk appetite;
- development, approval and implementation of the risk management framework and adequate policies, procedures, processes, systems and controls;
- Bank's approach to model management across the model lifecycle;
- maintaining effective governance and oversight of the management of conduct and compliance risks;
- compliance with regulatory requirements relating to risk management;
- the Bank's public reporting on risk management matters; and
- the independence and effectiveness of the risk management departments throughout the Bank.

Committee Composition

The BRC Chairman and members have been appointed by the Board, after duly considering the recommendations of the BNRESGC. The BRC composition is compliant with CBUAE regulatory requirements, which require three (3) Non-Executive Directors, including a majority of Independent Members and an Independent Chairman distinct from the Chair of the Board and any other Committees. The Members collectively have experience in risk management issues and practices.

Mr. Ali Humaid Ali Al Owais
Chairman
Independent, Non-Executive Director

Mr. Hesham Abdulla Al Qassim
Member
Non-Independent, Non-Executive Director

Mr. Salem Mohammed Ibrahim Obaidalla
Member
Independent, Non-Executive Director

Statement from the Chairman of BRC

During 2024, the BRC held four (4) meetings, during which it discharged its duties in accordance and compliance with the BRC's Terms of Reference. The BRC continued to enforce the risk management framework in 2024, and approved the Risk Appetite Statement and monitored adherence to it through regular updates.

Oversight of financial risks was a primary focus for the BRC during the year. The BRC effectively monitored financial risks such as credit risk, country and transfer risk, counterparty credit risk, market risk, asset and liability management risk and capital risk through various updates, including review of management reports, review and approval of the Internal Capital Adequacy Assessment Process ("ICAAP"), and stress testing process to ensure that the Bank's level of capital is sufficient to meet regulatory thresholds and support its strategy, even in challenging market conditions.

The BRC received regular updates with respect to regulatory changes (including its implementation as required), customer and payment screening, transaction monitoring, Russian payments, correspondence banking relationships and enhanced customer due diligence reviews. The BRC also reviewed the annual report on Senior Management board positions in non-bank entities outside of the Emirates NBD Group and the semi-annual Money Laundering Reporting Officer reports.

An annual update was received regarding the Consumer Protection obligations of the Bank. In addition, the BRC reviewed and approved material outsourcing arrangements of the Bank.

Non-financial risks were also a key focus of the BRC in 2024. The BRC carefully considered non-financial risks including operational risk, model risk, legal risk, reputational risk, and environmental and social risk. The ISCD no longer reports to the BAC and going forward it will be reporting into the Board Risk Committee.

The effectiveness and performance of the BRC was reviewed as part of the annual evaluation process which was conducted by an independent external party this year in accordance with regulatory requirements. The results reflected that the BRC was discharging its responsibilities in an effective and efficient manner.

As Chairman of the BRC, I hereby acknowledge my duty to discharge the responsibilities of the BRC, under its Terms of Reference, and ensure its effectiveness.

2025 Priorities

In 2025, the BRC is scheduled to meet at least four (4) times to fulfil its responsibilities and escalate key matters to the Board. Central to its agenda will be the ongoing enhancement of the risk management framework to align with evolving industry best practices and regulatory expectations, ensuring it is appropriate to the Bank's size and complexity. Other key focus areas include the review and approval of risk policies and the Risk Appetite Statement, as well as overseeing management's execution of risk strategies to maintain a balanced risk profile.

Furthermore, the BRC will oversee the completion of key processes, such as ICAAP, stress testing and recovery planning, all of which are instrumental in measuring and managing the Bank's capacity to withstand adverse conditions. It will also oversee the proactive monitoring and navigation of regulatory changes, ensuring the Bank adapts to new requirements in an agile, effective and compliant manner.

Mr. Ali Humaid Ali Al Owais
Chairman, Board Risk Committee

BRC Meeting Attendance 2024

BRC Members	Meeting Attendance in 2024
Mr. Ali Humaid Ali Al Owais	4/4
Mr. Hesham Abdulla Al Qassim	4/4
Mr. Salem Mohammed Ibrahim Obaidalla	4/4

Key Matters Considered during 2024

	Mar	Jun	Oct	Dec
Risk appetite policy	•		•	
Quarterly risk report	•	•	•	•
Recovery plan	•	•	•	
Recovery plan dashboard				•
Conduct risk report	•			
Quarterly fraud report	•	•	•	•
Compliance report	•	•	•	•
ICAAP report	•			
Liquidity risk updates	•	•	•	•
Regulatory reports and updates	•	•	•	•
Review and approval of policies	•	•	•	•

Board Nomination, Remuneration and ESG Committee ("BNRESGC")

Mr. Buti Obaid Buti Al Mulla

Remit

The responsibilities of the BNRESGC include:

- matters relating to the Board, including the composition, nomination, assessment, succession plans and remuneration policies for the Directors; the Board induction plan and Board awareness programme;
- reviewing independence and interests of Directors and ensuring that Independent Directors remain independent on a continuing basis;
- reporting on corporate governance and remuneration matters, and the development of the Corporate Governance Framework, systems and controls;
- corporate culture and values, including the Bank's governance culture;
- selection, assessment, succession and remuneration policies for Senior Management;
- HR strategy including Emiratisation and talent acquisition strategies and workforce diversity and retention strategies;
- workforce planning and alignment with goals and strategies;
- review, approve and assess progress of the sustainability strategy and ensure alignment between the Bank's ESG efforts and its mission, values and long-term sustainability goals; and
- overseeing achievements of ESG goals including sustainable finance targets, ESG policies, procedures, disclosures, the Group Net Zero Pathway progress and regulatory developments and emerging ESG trends.

Committee Composition

The BNRESGC composition is compliant with the CBUAE regulatory requirements, which consists of three (3) Non-Executive Directors, including an Independent Director and a Non-Executive Chair who is distinct from the Chair of Board and other Committees.

Mr. Buti Obaid Buti Al Mulla
Chairman
Non-Independent, Non-Executive Director

Mr. Salem Mohammed Obaidalla
Member
Independent, Non-Executive Director

Mr. Ali Humaid Ali Al Owais
Member
Independent, Non-Executive Director

Statement from the Chairman of the BNRESGC

During 2024, the BNRESGC held five (5) meetings and discharged its duties in accordance and in compliance with its Terms of Reference. In 2024, the BNRESGC appointed an independent external expert to conduct the external Board evaluation, which included the assessment of the Board, its Committees and every Board Member. This also included the evaluation of the BNRESGC, which concluded that BNRESGC was discharging its responsibilities in an effective and efficient manner. During the year, the BNRESGC continued to monitor and review the performance and remuneration of Senior Management and the bonus analysis for the Bank. In accordance with its responsibilities, it also reviewed the list of Material Risk Takers for 2024.

The BNRESGC ensured the implementation of the Emirates Islamic Emiratisation Strategy, in line with the guidelines issued by the CBUAE, through the review of regular updates. The percentage of Emirati employees increased to 39% of total Bank employees, out of which 65% are female (Emirati) employees. Emirates Islamic hired 177 Emirati employees in 2024 at all levels and across all departments. It also reviewed and approved the organisational structure of the Bank, including the Senior Management Succession Plan, and monitored the implementation of major HR projects and approved the relevant HR policies. The BNRESGC ensured that an independent assessment of the compensation framework and systems was conducted, in accordance with regulatory requirements and its Terms of Reference.

It continued to monitor the overall development of Emirates Islamic's culture to promote a healthy work environment and positive employee engagement conducive to organisational success. The Speak Up Programme was launched to foster an environment of respect, trust and transparency across all Emirates Islamic employees by ensuring that any employee can confidentially report unethical behaviour and is protected across the Bank, thereby creating a safe and inclusive environment.

As part of its oversight of governance matters, it reviewed the Directors' Register of Interests on a quarterly basis, in line with the Directors' Conflict of Interest Policy. It also noted the Fitness and Propriety Regulations and Standards issued by the CBUAE. The BNRESGC updated its Terms of Reference, in line with regulatory updates, and added specific ESG-related responsibilities and received regular updates on ESG-related matters throughout the year, and approved ESG policies and disclosures. It also noted that there had been a significant improvement in the ratings in 2024 given by the international ESG Rating Agencies due to improvements and enhancements made with respect to ESG initiatives and disclosures.

As Chairman of the BNRESGC, I hereby acknowledge my duty to discharge the responsibilities of the BNRESGC, under its Terms of Reference, and ensure its effectiveness.

2025 Priorities

In 2025, the BNRESGC is scheduled to meet at least four (4) times in order to discharge its duties across a range of areas. The BNRESGC will oversee the process for nomination and election of the Board of Directors for the next three-year term, which shall be conducted at the 2025 GAM, and ensure compliance with regulatory requirements including the newly issued CBUAE Fitness and Propriety Regulations and Standards. It will oversee the procedure of election of the Chairman and Vice Chairman, induction and training of Board Members, and constitution of the Board Committees, in accordance with the Corporate Governance Regulations. It will continue to prioritise the development of Emirates Islamic's Emiratisation Strategy, focusing on improvements in recruitment, retention of Emirati talent, and diversity and inclusion, in order to ensure that Emirates Islamic remains an employer of choice. It will also continue to oversee remuneration policies and processes to ensure they remain suitable for Emirates Islamic's talent pool and contribute to future success and progress, in accordance with regulatory requirements.

From an ESG perspective, the BNRESGC will approve the 2025 ESG Strategy and continue to focus on areas to increase the Bank's ESG ratings and enhance disclosures, in line with regulatory and market requirements. It will also oversee the implementation of the Bank's sustainable finance framework.

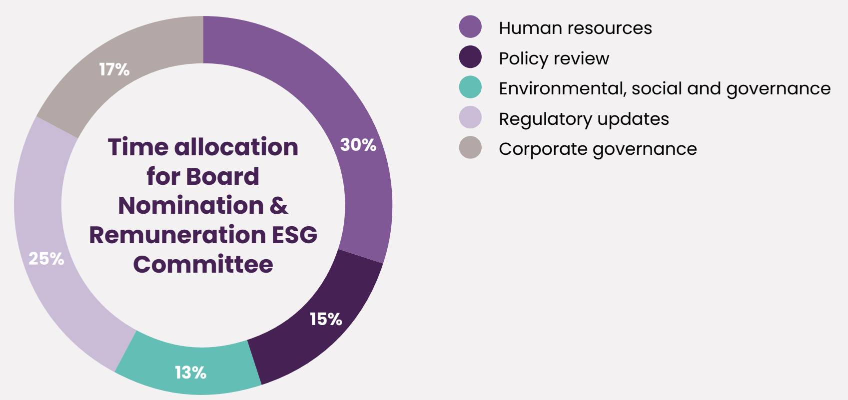
Mr. Buti Obaid Buti Al Mulla
Chairman, Board Nomination, Remuneration and ESG Committee

BNRESGC Meetings Attendance 2024

BNRESGC Members	Meeting Attendance in 2024
Mr. Buti Obaid Buti Al Mulla	5/5
Mr. Salem Mohammed Obaidalla	5/5
Mr. Ali Humaid Ali Al Owais	5/5

Key Matters Considered during 2024

	Feb	May	Sep	Nov	Dec
Human Resources					
Senior Management Pay and Performance	•				
Senior management appointment			•	•	
2023 PM, 2023 Bonus and 2024 Pay Analysis	•				
Material Risk Taker ("MRT") Criteria and Identified Roles	•		•		
Workforce analysis	•	•	•	•	
Emiratisation update	•	•	•	•	
Review of Organisational Structure				•	
Succession plan		•			
Policy Review					
HR policy revisions	•	•	•	•	
Benefit amendments	•	•	•	•	
ESG					
ESG update		•	•	•	
Corporate Governance					
Directors Register of Interest		•	•	•	
Update of BNRESGC Terms of Reference				•	
ISSC fee review			•		
Regulatory Updates					
Fitness and Proprietary Regulations				•	



Board Credit and Investment Committee (“BCIC”)

Mr. Hesham Abdulla Al Qassim

Remit

The responsibilities of the BCIC include overseeing:

- management of the credit and investment portfolio of the Bank;
- approval of new products and services, including Bank and country lines, credit facilities, and investments; and
- delegation of lending authorities for all credit and investment committees, management, and employees across the Bank.

Committee Composition

The BCIC Chairman and Members have been appointed by the Board, after duly considering the recommendations of the BNRESGC. The BCIC composition is compliant with the regulatory requirements and consists of Non-Executive Directors.

Mr. Hesham Abdulla Al Qassim
Chairman
Non-Independent, Non-Executive Director

H.E. Mohamed Hadi Ahmed Al Hussaini
Member
Non-Independent, Non-Executive Director

Mr. Salem Mohammed Ibrahim Obaidalla
Member
Independent, Non-Executive Director

Mr. Shayne Keith Nelson
Member
Non-Independent, Non-Executive Director

Statement from the Chairman of the BCIC

During 2024, the BCIC held 48 meetings during which it discharged it responsibilities in accordance with its Terms of Reference.

BCIC continued to provide guidance to the management regarding business strategies and investment policies. It also reviewed and supported approval of the delegated lending authority for all credit and investment committees, management and staff across the Bank.

During the year, it regularly reviewed and approved new products and services, Bank and country lines, proposals for credit facilities, investments, asset management, financial restructuring and remedial matters, as per the approved delegated lending authority framework. The BCIC also provided oversight of the portfolio composition, portfolio quality, performance and compliance, including approval of high value credit exposures and policy exceptions.

The BCIC updated its Terms of Reference to align with new regulatory requirements introduced pursuant to the Credit Risk Management Regulations and Standards issued by CBUAE and the Corporate Governance Regulations.

The effectiveness and performance of the BCIC was reviewed as part of the annual evaluation process which was conducted by an independent external party this year in accordance with regulatory requirements. The results reflected that the BCIC was discharging its responsibilities in an effective and efficient manner.

As Chairman of the BCIC, I hereby acknowledge my responsibility to discharge the responsibilities of the BCIC, under its Terms of Reference, and ensure its effectiveness.

2025 Priorities

The BCIC’s schedule in 2025 will include weekly meetings focused on Emirates Islamic’s strategy and monitoring the effectiveness of credit and investment as well other relevant policies. Specifically, the BCIC will examine tactical and short-term efficiency measures pertaining to credit and investment portfolios, due to changes in the market conditions and cost optimisation, changes to operating models, and digitisation against the backdrop of changing market conditions, track Emirates Islamic’s implementation of its strategy and risk appetite and oversee applicable Emirates Islamic policies, approve and note Bank and country lines, credit proposals, portfolio reports, DLA framework, and new products and services.

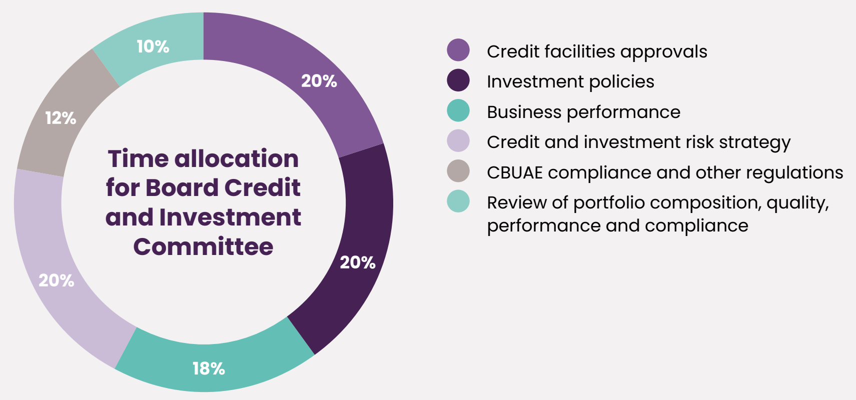
Mr. Hesham Abdulla Al Qassim
Chairman, Board Credit and Investment Committee

BCIC Meeting Attendance 2024

BCIC Members	Meeting Attendance in 2024
Mr. Hesham Abdulla Al Qassim	48/48
H.E. Mohamed Hadi Ahmed Al Hussaini	48/48
Mr. Salem Mohammed Obaidalla	48/48
Mr. Shayne Keith Nelson	47/48

Key Matters Considered during 2024

	Q1	Q2	Q3	Q4
Credit facilities	•	•	•	•
Investment policies	•	•	•	•
Business performance	•	•	•	
Credit and Investment Risk strategy	•	•	•	•
Compliance with CBUAE and other relevant regulations		•	•	•
Review portfolio composition, quality, performance and compliance	•		•	•
Review and approval of policies	•			



Board Profit Equalisation Committee (“BPEC”)

Mr. Hesham Abdulla Al Qassim

Remit

The primary responsibilities of the BPEC includes overseeing:

- compliance with the requirements of the Profit Equalisation Standards;
- ensuring that investment accounts and Displaced Commercial Risk (“DCR”) are managed in the best interests of Investment Account Holders;
- development and periodic update of profit equalisation internal policies, procedures and controls, in order to ensure adequate and prudent profit equalisation; and
- ensuring approval of internal policies, procedures and controls by the Emirates Islamic ISSC.

Committee Composition

The BPEC Chairman and Members have been appointed by the Board, after duly considering the recommendations of the BNRESGC. The Committee has three (3) Members, including a member of the ISSC.

Mr. Hesham Abdulla Al Qassim
Chairman
Non-Independent, Non-Executive Director

Mr. Buti Obaid Buti Al Mulla
Member
Non-Independent, Non-Executive Director

Dr. Salim Al Ali
External Member - CB Shariah ISSC representative

Statement from the Chairman of the BPEC

During 2024, the BPEC met four (4) times and continued its work in line with its Terms of Reference, with the primary objective of protecting the interests of stakeholders, other than the shareholders, in line with Higher Shariah Authority (“HSA”) and ISCC resolutions.

The BPEC provided robust oversight and sound monitoring in 2024, to ensure that investment accounts were managed in the best interests of Investment Account Holders (“IAHs”).

The BPEC reviewed on a quarterly basis the status of the displaced commercial risk and the steps being taken to mitigate such risks by Emirates Islamic. It also scrutinised the utilisation of reserves such as the Profit Equalisation Reserve (“PER”) and Investment Risk Reserve (“IRR”) and considered appropriate recommendations to the Board.

In line with its responsibilities, it continued to provide oversight over policy, processes and procedures relating to financing and investment activities undertaken by the Bank, using IAH’s funds, as well as the fiduciary duties performed by the Bank and approval of key items relating to compliance with regulatory requirements on profit equalisation.

The Terms of Reference of the BPEC were updated in accordance with the requirements of the CBUAE Profit Equalisation Standards and the Corporate Governance Regulations. Various new sections were added to ensure that all procedural and regulatory corporate governance matters were covered, and all the responsibilities were in accordance with the CBUAE Profit Equalisation Standards.

The effectiveness and performance of the BPEC was reviewed as part of the annual evaluation process which was conducted by an independent external party this year in accordance with regulatory requirements. The results reflected that the BPEC was discharging its responsibilities in an effective and efficient manner.

As Chairman of the BPEC, I hereby acknowledge my responsibility to discharge the responsibilities of the BPEC, under its Terms of Reference, and ensure its effectiveness.

2025 Priorities

The BPEC’s schedule in 2025 will include a minimum of four (4) meetings focused on ensuring compliance with all the requirements of its Terms of Reference and applicable regulations.

Mr. Hesham Abdulla Al Qassim
Chairman, Board Profit Equalisation Committee

BPEC Meeting Attendance 2024

BPEC Members	Meeting Attendance in 2024
Mr. Hesham Abdulla Al Qassim	4/4
Mr. Buti Obaid Buti Al Mulla	4/4
Dr. Salim Al Ali	4/4

Key Matters Considered during 2024

	Feb	May	Sep	Nov
Review of Displaced Commercial Risk	•	•	•	•
Review of recommended reserves	•	•	•	•
Approval of updated BPEC Terms of Reference				•

Diversity in Senior Management

Gender

Male
12

Female
2

Tenure

3-5 years **14%**

5-7 years **14%**

7+ years **71%**

Nationality

UAE
57%

European
7%

Other
36%

Senior Management Compensation

The Bank's general remuneration policies and practices aim to provide a reward offering that recognises and rewards performance aligned to the Group and Bank's business strategy, within a sound risk management and governance framework that clearly emphasises 'how' goals are achieved in addition to 'what' is achieved.

Design and Structure of Remuneration Processes

The Bank's remuneration policies and practices have the following objectives:

- attract, retain and motivate talent through fair and equitable remuneration based on the role, with an offering that is clear and easy to understand and appropriately balanced between fixed and variable compensation;
- foster a pay-for-performance culture, with appropriate differentiation based on performance and contribution aligned to the achievement of business objectives;
- support a culture that generates sustainable growth and value over the long term to the Bank's stakeholders, customers, employees and communities;
- align, drive and reinforce the Bank's culture, values and desired behaviours that are integral to the attainment of individual and team results and the achievement of organisational goals;
- integrate risk management and compensation, promoting conduct based on prudent decision-making and highest ethical standards and guided by internal controls and regulatory compliance; and
- instil a sense of ownership in employees by providing them with opportunities to share in the Group and Bank's success through a competitive total reward offering that is linked to exceptional performance and financial results.

The BNRESGC is the main body that has independent oversight of remuneration at the Bank, on behalf of the Board of Directors.

Remuneration composition – Fixed and Variable

Fixed remuneration for employees is set appropriately based on market and internal pay levels for the role in the industry by location, individual's expertise, professional experience, role responsibilities and seniority of the employee and regulatory and governance requirements.

Variable remuneration is underpinned by the pay for performance principle and awarded in the form of an annual discretionary bonus or incentive payments depending on the role. The discretionary annual bonus scheme is fully flexible, allowing for the possibility of variable compensation award values being zero. Bonus allocations to eligible employees are determined based on the overall risk-adjusted Group and Bank performance, business performance and individual performance, the employee's role and responsibilities, and performance assessment based on both financial and non-financial criteria, including conduct and behaviour.

An appropriate balance between fixed and variable remuneration is maintained. Variable pay levels will not exceed 100% of fixed compensation unless, in certain circumstances, Emirates Islamic seeks to increase these levels to either 150% of fixed compensation – with approval by the Board or 200% of fixed compensation – with approval at the GAM of the Bank.

Remuneration for Control Function Employees

Remuneration for the Bank's Risk, Audit and Compliance employees is set at a level to attract and retain suitably qualified and experienced employees and is predominantly fixed remuneration (when considering the fixed: variable remuneration ratio). Performance is assessed based on the objectives of their respective functions and not on the performance of the business units that they oversee/support.

The bonus pool allocations to the Risk, Audit and Compliance functions are made independent of the overall financial performance of the business units they support and are based on the function's performance and overall affordability of the Bank. Individual variable remuneration decisions for Control Function employees are determined independently of the business areas that they oversee/support. As Senior Management of the Bank, the variable remuneration of the Head of Risk, Chief Risk Officer, Head of Internal Audit and Chief Compliance Officer are directly overseen by the BNRESGC.

Remuneration for the Shariah Control Function Units is managed separately as follows:

- for the Internal Shariah Control Head, variable compensation and fixed pay changes resulting from promotion are reviewed and approved by the Board Risk Committee ("BRC") and Internal Shariah Supervisory Committee ("ISSC").
- for the Internal Shariah Audit Head, variable compensation, and fixed pay changes resulting from promotion, are reviewed and approved by the Board Audit Committee ("BAC") and Internal Shariah Supervisory Committee ("ISSC").
- for employees reporting to the ISAD and ISCD Heads, variable compensation and fixed pay changes resulting from promotion, are reviewed and approved by the respective department heads.

Senior management compensation continued

Remuneration for Senior Management

From the Bank's perspective, for the 2024 performance year, fourteen (14) Senior Management (including current and former) have been identified as those responsible and accountable to the Board of Directors for the sound and prudent day-to-day management of the Bank and as key staff responsible for the oversight of the Bank's key business lines. i.e., the CEO, the EXCO, Heads of the Control Functions including Shariah Units, (i.e. Risk, Compliance and Audit) and Head of Legal.

In line with UAE regulatory requirements, variable remuneration awarded to Senior Management under the discretionary annual bonus scheme comprise of cash bonuses, paid after the end of the performance year, and deferred awards, granted under the terms and conditions of the relevant plan rules. Deferred awards will vest in tranches over a three-year period.

For the year 2024, total remuneration awarded to Senior Management amounted to AED 32 million. Total remuneration is comprised of fixed pay (including employer pension contributions) and variable compensation awarded in the year 2024.

The following table includes information on fixed and variable remuneration for the financial year.

AED in millions	2024 Senior Management
Fixed Remuneration*	
1 Number of Employees	14
2 Total Fixed Remuneration (3 + 5 + 7)	20
3 Of which: Cash-based	19
4 Of which: Deferred	–
5 Of which: Shares or Other Share-linked Instruments	–
6 Of which: Deferred	–
7 Of which: Other Forms	1
8 Of which: Deferred	–
Variable Remuneration	
9 Number of Employees	12
10 Total Variable Remuneration (11 + 13 + 15)	12
11 Of which: Cash-based	12
12 Of which: Deferred	3
13 Of which: Shares or Other Share-linked Instruments	–
14 Of which: Deferred	–
15 Of which: Other Forms	–
16 Of which: Deferred	–
17 Total Remuneration (2 + 10)	32

* Fixed Remuneration (which then forms part of Total Remuneration) has been reported on an awarded basis and excludes accrued post-employment and long-term benefits and deferrals awarded in prior years but paid in 2024.
* The number of employees includes employees who were identified as Senior Management at any time during the 2024 performance year, including those who were no longer Senior Management as at the end of the year (i.e. former Senior Management)

Special Payments for Senior Management

There were no Special Payments made to Senior Management for the year 2024.

Policy and criteria for adjusting variable remuneration

Variable compensation is subject to ex-post risk adjustment under certain events and conditions via operation of malus and/or clawback adjustments. Ex-post risk adjustment may be applied on an individual or a collective basis, depending on the circumstances of the event and in a range of circumstances, including but not limited to, material restatement or downturn of financial results for the relevant period, fraud or gross negligence by an individual or group of employees, material error or failures of risk management controls. The applicable claw back period shall be three years after the date of payment of the relevant award.

The specific criteria for ex-post risk adjustment will be reviewed by the BNRESGC annually and applied in each case as determined by the Committee at its sole discretion. The Bank will consider all relevant factors (including, where any of the circumstances described above arise, the proximity of the employee to the failure of risk management in question and the employee's level of responsibility) in deciding whether, and to what extent, it is reasonable to seek recovery of any or all of their variable remuneration.

The following table includes quantitative information on Senior Management deferred remuneration subject to ex-post risk adjustment for the financial year.

Deferred and Retained Remuneration 31 December 2024 AED in millions	Total amount of outstanding deferred remuneration	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment	Total amount of amendment during the year due to ex post explicit adjustments	Total amount of amendment during the year due to ex post implicit adjustments	Total amount of deferred remuneration paid out in the financial year
Cash	4.8	4.8	–	–	1
Shares	–	–	–	–	–
Cash-linked Instruments	–	–	–	–	–
Other	–	–	–	–	–

For further details of the remuneration policy, and the design and structure of remuneration processes, please refer to the Pillar III report.

Management Committees

Emirates Islamic has five (5) Management Committees, including the EXCO. A number of additional Management Committees have been established to help execute the objectives of the Bank, and assist in the efficiency and effectiveness of running, controlling and monitoring of the business of Emirates Islamic.

Each Management Committee has an approved Terms of Reference that outline its authority, responsibilities, meeting frequency and practices. The Bank's Management Committees help drive decision making across a number of areas of the business, including the management of assets, risk, credit and investment, procurement and information security.

Executive Committee EXCO	Management Committee	Number of Meetings Held in 2023	Responsibilities of the Committees
The key responsibilities of EXCO include the following: • Managing the Bank's activities in a manner consistent with the business strategy, risk appetite, remuneration and other policies set by the Board. • Periodically reviews and monitors material matters including changes in business strategy and risk appetite, the Bank's performance and financial condition, compliance related matters (regulatory and financial crime compliance), breaches of risk limits or compliance rules, internal control failures, legal or regulatory concerns. 11 EXCO meetings were held during 2024.	Management Investment Committee ("MIC")	3	Ensures the Bank's investment portfolios conform to the strategic vision of the Bank and monitors and reports the performance of these portfolios to the Board. It also makes recommendations to BCIC regarding new and changes to existing investment strategies.
	Management Credit Committee ("MCC")	49	Manages credit and bank risk facilities, settlement, provisioning and write offs, amendments to pricing, risk grades and waivers pertaining to credit facilities. It also reviews new products and services and property investments.
	Asset Liability Committee ("ALCO")	12	Oversees the Bank's capital adequacy assessment, reviewing liquidity tolerance and profit rate risk mismatches, and managing maturity gaps and funding plans.
	Operational Risk Committee ("ORC")	4	Ensures the effective application of the operational risk management framework across Emirates Islamic.

Risk Management and Internal Controls

The Bank has established an overarching risk management framework. Risk is managed proactively across the Bank through various well-established principles, standards, policies, organisational structures, approval authorities and measurement, monitoring and control processes.

The risk management framework enables the Bank to identify, measure, monitor, mitigate and report key risks. Key risk types are categorised into 'financial risks' and 'non-financial risks'. Whilst financial risks are driven by events in the financial markets, non-financial risks are driven by other market-related events. In line with evolving regulatory frameworks, market dynamics and product offerings, Emirates Islamic endeavours to incorporate best-in-class risk management techniques by continually reviewing existing policies, frameworks and risk measurement techniques, and capturing adequate controls including those arising from lessons learned.

The Bank operates a three lines of defence risk management model, which includes the segregation of responsibility, controls, monitoring and reporting appropriate for the size and nature of the Bank and regulatory environment in which it operates:

- Business units (Relationship and Product Management) make up the first line of defence. They originate risk and are responsible and accountable for ongoing management of such risks. This includes direct assessment, control and mitigation of risks.
- The second line of defence includes the Risk Management, Finance, and Internal Shariah Control (including Shariah Compliance) and Compliance functions. These functions complement the risk activities of the business lines through their monitoring and reporting responsibilities. They are responsible for overseeing the Bank's risk-taking activities and assessing risks and issues independently from the business lines. These functions emphasise the crucial role of Senior Management and business line managers in identifying and documenting risk owners as part of the New Product and Process Approval ("NPPA") protocol ensuring a thorough and critical assessment of risks.
- The third line of defence consists of an independent and effective Internal Audit and Internal Shariah Audit functions. It provides an impartial review and objective assurance on the quality and effectiveness of the Bank's internal control system as well as its first and second lines of defence.

In response to the continuous growth and expansion in products in 2024, the Bank further strengthened its foundation for better governance and controls through the creation of new risk units and realignment of existing ones. Furthermore, Emirates Islamic enhanced measurement, monitoring, and control of identified risks to address the introduction of new regulations and the increasing complexity of the products offered by the Bank.

First Line of Defence

Business Units

- Direct assessment
- Control and mitigation of risks

Second Line of Defence

Risk Management, Finance, Compliance, Internal Shariah Control

- Overseeing Bank's risk-taking activities
- Assessing risks and issues independently from the business lines

Third Line of Defence

Internal Audit and Internal Shariah Audit function

- An impartial review and objective assurance on the quality and effectiveness of the Bank's internal control system
- Independent and effective review of the first and second lines of defence

Risk Management and Internal Controls continued

The Board-approved Risk Appetite Statement is a critical component of the risk management framework, establishing suitable boundaries to ensure it operates within acceptable levels of risk and maintains compliance with its obligations and commitments. Key risks are included in the Risk Appetite Statement with appropriate thresholds, in order to secure portfolio growth while managing and mitigating potential losses. The Bank's risk model governance was further enhanced to ensure that models remain aligned with applicable regulations and industry best practices.

During 2024, a key focus area was climate risk and its associated impact on the Bank's portfolio. The Bank made major strides in advancing the climate agenda. It reported its financed emissions for 2023 and is in process of performing climate transition risk stress testing.

Further, managing fraud risk remained a cornerstone of Emirates Islamic's risk management framework, alongside cyber risk, outsourcing risk, and conduct risk. There have been significant investments in fraud prevention and detection capabilities, including advanced fraud analytics and enhanced safeguards for online and mobile channels, which underline the Bank's proactive approach to combating evolving fraud threats to the Bank and its customers. Fraudsters are becoming increasingly sophisticated and well resourced, and the Bank has recognised and responded to this risk by identifying emerging trends early and increasing its focus on security by design. In addition, in line with the increase in digitisation of processes, there has been a move to system enforced and automated controls in place of manual controls.

In cyber risk management, the Bank ensured all digitisation initiatives undergo rigorous first and second line of defence reviews by security and cyber risk teams. Partnerships with service providers were subject to stringent assessment and oversight to align with CBUAE requirements. Additionally, the Bank continues to strengthen its conduct risk management capabilities, ensuring fair treatment of customers in line with Consumer Protection Regulations.

The Board is also supported by a prudent internal control framework, which provides assurance on the financial and non-financial operations of Emirates Islamic, including internal and external audits. The internal control system is designed to follow a multi-tiered approach and is implemented at various governance levels throughout the Bank. It relies on accountability, delegation and collaboration within the various departments and business functions, encouraging alignment of objectives, resources and the mechanisms deployed. It is based on the clear identification of best practice governance standards and responsibilities and assurance that appropriate policies and procedures are implemented to serve each department and business unit across the Bank. Functions that contribute to the internal control system include the Internal Shariah Audit, Internal and External Audit, Risk, Compliance, Internal Shariah Control, Finance, Legal and Corporate Governance functions.

The Internal Audit, Compliance and Risk functions report on a quarterly basis to the Board Committees, including the BRC and the BAC. During 2024, Internal Audit and Compliance issued 18 and 7 reports respectively to the BAC. Both the BRC and the BAC report any significant matters, as and when required, to the Board:

- The BRC sets the overall risk strategy and approves risk-related frameworks. It reviews risk exposures, risk profiles and risk concentration reports on a regular basis, through quarterly risk monitoring supported by the risk management department. The BRC has oversight of the establishment and operation of risk management systems and receives regular updates on their effectiveness. The BRC also reviews the effectiveness of the Internal Shariah Control function.
- The BAC plays a key role in assessing and assuring the quality and integrity of Bank disclosures, financial statements, financial reporting and compliance to regulatory requirements. The BAC reviews effectiveness of the Bank's internal controls and corporate governance environment and provides oversight of the Internal and External Audit and Compliance functions, as well as the Internal Shariah Audit function in coordination with the Bank's Internal Shariah Supervision Committee.
- The BNRESGC oversees incentives and other emoluments, which includes consideration of the risk structures for appropriate corporate performance, risk-taking and responsibility, and corporate culture.
- The Internal Shariah Supervision Committee, with members appointed by shareholders, considers Shariah risks and controls.

In the coming year, Emirates Islamic will continue to prioritise risk management objectives that address emerging risks and ensure compliance with evolving regulatory requirements. Key areas of focus include further strengthening fraud prevention and detection to counter increasingly sophisticated threats and bolstering cyber defences with advanced monitoring capabilities to mitigate cyber risks. Operational resilience will also be a priority, with increased emphasis on maintaining the delivery of critical services during unplanned disruptions.

These efforts will align with the Bank's strategic objectives and adapt to the complexities of the evolving risk landscape. By adopting a proactive approach to risk management and reinforcing internal controls, Emirates Islamic aims to safeguard its long-term stability and success.

Further details on these Committees are included in relevant sections of this report.

Violations, Causes and Avoidance

Emirates Islamic maintains a process to ensure effective compliance with relevant regulations and to report any violations or matters of significance.

During 2024, there were no material violations identified or reported. All material issues identified were reported to the Board and/or Board Committees by the Bank Chief Audit Officer, Bank Chief Compliance Officer and/or Bank Chief Risk Officer. No reservations were noted by the External Auditor for the 2024 financial year.

Islamic Banking

Emirates Islamic offers Shariah-compliant products and services as an Islamic bank licensed by the CBUAE. It applies a robust Shariah governance mechanism to ensure that all products and services offered are duly accredited and in line with Shariah principles and the CBUAE HSA guidelines and regulations.

In line with the CBUAE Shariah Governance Framework, Emirates Islamic has three lines of defence approach: the business units, the ISCD, and the Internal Shariah Audit Department, respectively. These lines of defence support Emirates Islamic's Shariah governance activities, oversight and reporting. The overall Bank is governed by the ISSC, comprised of independent Shariah scholars.

The shareholders appoint Members of the ISSC shareholders at the General Assembly Meeting, upon nomination by the Board and approval from the HSA of the CBUAE. Emirates Islamic has well-established policies, procedures and controls that the ISSC approves and facilitates business activities in a manner compliant with Shariah principles.

The ISSC operates following the resolutions, standards and guidelines issued by the HSA of the CBUAE and undertakes supervision of all Shariah-compliant businesses, activities, products and services. The ISSC has approved the Shariah governance framework for referring matters to the ISSC, issuing fatwas, and ensuring compliance with Islamic Shariah in all objectives, activities and operations. The fatwas and resolutions issued by ISSC are binding upon Emirates Islamic.

The ISSC issues a yearly report on its activities, including assurance that Emirates Islamic complies with Islamic Shariah principles and outlining any instances of non-compliance. In addition, the Bank submits the report to the HSA of the CBUAE for no objection before presenting it to the Bank's shareholders at its GAM. During the year 2024, eight meetings were held.

The Members of the ISSC as at 31 December 2024 are as follows:

Prof. Mohammad Abdul Rahim Sultan Al Olama Chairman and Executive Member of EI ISSC (reappointed 6 May 2021)	Professor Dr. Mohammad Abdul Rahim Sultan Al Olama ("Dr. Al Olama") is a Professor of Jurisprudence and its fundamentals at the College of Law at the United Arab Emirates University in Al Ain, in addition to being a certified expert in financial affairs concerning compliance with Islamic Shariah principles. Dr. Al Olama holds a PhD in Comparative Islamic Jurisprudence from Umm Al-Qura University in Makkah Al-Mukarramah, in the Kingdom of Saudi Arabia, and: • Leads the Shariah Committee at the Zakat Fund in the United Arab Emirates. • Is a member of a number of Fatwa and Shariah Supervisory Boards for Islamic financial institutions and Takaful companies.
Dr. Salim Ali Al Ali (appointed 13 August 2020)	Dr. Salim Ali Al Ali ("Dr. Al Ali") is an Assistant Professor at the Department of Shariah and Islamic Studies at the College of Law at the United Arab Emirates University, where he teaches a variety of courses related to Islamic law and Islamic banking, and: • Was educated in the United Kingdom, where he received his PhD in Islamic Financial Law from the University of London. • Holds a Bachelor's degree in Shariah (Jurisprudence and its Fundamentals) and a Master's degree in Islamic Banking and Finance. • Was a part-time lecturer for the LLM Programme at the BPP Law School, BPP University, based in London, where he lectured on a broad spectrum of jurisprudence matters, including Islamic, English and comparative laws. • Is a member of the Internal Shariah Supervisory Committee for a number of institutions offering Islamic financial services.
Dr. Mohamed Ali Elgari (appointed 01 June 2021)	Dr. Mohamed Ali Elgari ("Dr. Elgari") holds the distinction of being a former Professor of Islamic Economics at King Abdulaziz University, Jeddah, Saudi Arabia, and former Director of the Centre for Research in Islamic Economics at the same university. Dr. Elgari has authored several books on Islamic finance, both in Arabic and English, holds a PhD from the University of California, and: • Is an Expert at the Islamic Jurisprudence Academy of the Organisation of Islamic Cooperation ("OIC") and the Islamic Jurisprudence Academy of the Islamic World League. • Is a Member of the Board of Trustees of the Accounting and Auditing Organisation for Islamic Financial Institutions as well as its Shariah Council. • Is the Chairman and a Member of numerous Shariah Boards of Islamic banks and Takaful companies worldwide. Including the Shariah boards of the Central Bank of Bahrain and the Dow Jones Islamic Markets Index.

Emiratisation

For over 60 years, Emirates Islamic has been one of the largest employers of UAE Nationals in the UAE. We offer Emiratis accelerated career opportunities, world-class professional development and the chance to directly support our nation's continued economic development through carefully curated career development programmes.

	2024	2023	2022
% of Emiratis	39%	36%	37%
% of Female Emiratis	65%	64%	65%

As at year-end 2024, we have 18 Emiratis employed in Senior Leadership positions in Emirates Islamic and 714 Emirati employees in Emirates Islamic, who play critical roles across every level of the organisation.

Emirates Islamic aims to attract, develop, engage and retain Emirati talent at every level of the organisation.

The Bank's flagship initiatives are designed to identify potential Emirati leaders and provide them with the required training and support needed to step into and perform effectively in demanding leadership positions to help Emirates Islamic to build the future of the Bank and the nation.

General Assembly Meeting ("GAM")

The 2024 GAM was chaired by the Chairman of the Emirates Islamic Board. The Directors, the External Auditor, a representative of the SCA and shareholders were in attendance (in-person and online).

The meeting minutes were taken by the Company Secretary, and the GAM resolutions were made available to the SCA and shareholders through a market announcement before opening of the next market trading day. During the 2024 GAM, the business of the meeting included several standard GAM items subject to ordinary resolution (being a simple majority of the eligible votes) and a number of matters that required special resolutions of 75% of the eligible votes. All the resolutions tabled for approval were duly approved at the 2024 GAM. A summary of resolutions tabled and passed (approved) by the shareholders is set out in the following table:

Matter tabled for approval at the 2024 GAM	Resolution Type
Financial Statements and Directors' Report To approve the report of the Board on the Bank's activities and financial statements for the year ended 31 December 2023.	Ordinary
Report of the External Auditor To approve the report of the external auditor for the year ended 31 December 2023.	Ordinary
Internal Shariah Supervision Committee Report To approve the report of the Internal Shariah Supervision Committee the year ended 31 December 2023.	Ordinary
Balance Sheet and Profit and Loss Account To approve the audited Balance Sheet and the Profit and Loss Account of Emirates Islamic for the year ended 31 December 2023.	Ordinary
Dividend To approve the recommendation of the Board not to pay dividend to the shareholders of the Bank for the year ended 31 December 2023, based on the justifications presented by the Board in its report to the shareholders.	Ordinary
Board Remuneration To approve the remuneration of the Board's Directors for the year ended 31 December 2023.	Ordinary
Absolving the Board To absolve Members of the Board from liability for their work during the year ended 31 December 2023.	Ordinary
Release, Dismiss or File Liability Claims Against Auditor (as the case may be) To absolve the External Auditor from liability for work conducted during the year ended 31 December 2023.	Ordinary
Appointment of the External Auditor To approve the appointment of the External Auditor for the year 2024 and to determine the fees for the same year.	Ordinary
Approval of the Proposals for Non-Convertible Securities Programmes To approve the Board's proposals with respect to non-convertible securities to be issued by Emirates Islamic subject to obtaining the necessary approvals from the relevant regulatory authorities.	Special
Authority to the Board To authorise the Board, and/or any person so authorised by the Board, to adopt any resolution or take any action as may be necessary to implement the ordinary and special Resolutions adopted by the general assembly in the 2024 GAM.	Special

Statement of Cash and In-Kind Contributions to Local Community and Environmental Preservation

Emirates Islamic operates under the principle of creating shared value, through a robust framework that underscores our dedication to surrounding communities. The Bank takes an active role in enhancing the social and environmental well-being of the areas in which it operates, with the goal of improving the lives of those living and working there. This philanthropic approach reinforces the Bank's position as a socially responsible organization, strengthens its commitment to growing alongside its communities, and ensures it meets its public responsibilities.

Emirates Islamic's progress in these sectors is documented for transparency and further information is provided in the Bank's ESG Report 2024.

Environment

The Bank aims to navigate the changing environmental landscape with agility and resilience, turning risks and challenges into opportunities for positive change.

Employee-led initiatives: Participated in several initiatives to engage employees in sustainability efforts, including Eco Supporters, Green Champions, and Green Tips. The Green Champion initiative celebrates employee-led sustainability success stories, while Eco Supporters invites all staff across the Group to share innovative ideas for reducing emissions, particularly in areas like electricity, water conservation, paper usage, and plastic reduction. This has resulted in over 40 actionable suggestions to further enhance the Group's environmental impact. The Green Tip series encourages employees to adopt simple, yet impactful, green practices in their daily lives.

Community Initiatives

In 2024, the Bank's total social contributions amounted to AED 27 million supporting various sectors including Islamic contributions, education, humanitarian aid, health and wellness, and community development.

Financial literacy and mentorship program: Introduced financial literacy workshops and mentorship programs designed to empower small businesses owners and entrepreneurs.

Disability-friendly branches: As of 2024, 27 Emirates Islamic branches globally are fully equipped with features tailored to the needs of People of Determination. These branches incorporate inclusive infrastructure, technology, and services to improve accessibility.

Unity Run: Participated in the seventh edition of the annual Unity Run, the leading community event in the UAE that celebrates inclusion and accessibility for people of determination, with over 2,800 attendees from all abilities taking part.

Sustainable Finance

Emirates Islamic firmly believes that sustainable finance is the future and is committed to leading the way in driving a low-carbon economy. The following initiatives were undertaken in line with the Bank's vision:

- Successfully issued its inaugural USD 750 million Sustainability Sukuk, which was oversubscribed 2.8 times. This pioneering transaction, issued following the release of the International Capital Market Association ("ICMA"), the Islamic Development Bank ("IsDB") and London Stock Exchange Group ("LSEG") Guidance, marks a significant milestone in the UAE's sustainable finance landscape
- Announced an ESG-linked working capital facility that ties financing terms to the client's sustainability targets.
- Since FY2021, the Bank has demonstrated its broader commitment to sustainable finance by facilitating a total of USD 2.9 billion in green, social, and sustainability-linked transactions.

Investor Relations and Company Performance

Emirates Islamic' s Investor Relations department, which reports to the Chief Financial Officer, is responsible for engaging with a range of key external stakeholders, including shareholders, debt holders, rating agencies and the professional investment community.

Investor Relations also coordinates with Group Corporate Affairs and the Group Company Secretary departments to disseminate quarterly performance information to stakeholders in a manner compliant with the Bank's regulatory obligations. This includes the release of the financial statements, press release and results presentation through the DFM's website.

Employees receive email notification on the morning of the announcement of the Bank's quarterly results, advising them of the results and the key highlights.

Ms. Huda Sabil Abdulla is the Chief Financial Officer and Head of Investor Relations.
Email: **Hudaab@emiratesislamic.ae**
Phone: **+971 43 834671**
Website: **www.emiratesislamic.ae/eng/financial-information/investor-presentations**

The breakdown of shareholder types as at 31 December 2024 is set out in the following table:

	Percentage of Owned Shares			
Shareholder Classification	Individual	Companies	Government	Total
Local	0.03	99.97	0	100%
Arab	0	0	0	0
Foreign	0	0	0	0
Total	0.03	99.97	0	100%

The following table sets out a statement of the shareholders who held 5% or more of the Emirates Islamic's shares as at 31 December 2024:

Name	Number of Owned Shares	Percentage of Owned Shares of the Company's Capital
Emirates NBD (P.J.S.C.)	5,424,573,891	99.89%

The following table sets out a statement of shareholders distribution by the size of equity as at 31 December 2024:

Share Ownership	Number of Shareholders	Number of Owned Shares	Percentage of Owned Shares of the Company's Capital
Less than 50,000	54	320,717	0.006%
From 50,000 to less than 500,000	5	713,728	0.013%
From 500,000 to less than 5,000,000	2	4,813,539	0.089%
5,000,000 or more	1	5,424,573,891	99.892%

Total number of Emirates Islamic shares in issue = 5,430,421,875

Emirates Islamic's share price in the market (closing price, highest and lowest price) at the end of each month during 2024.

Month (2024)	Monthly High (AED)	Monthly Low (AED)	Monthly Close (AED)
January	7.400	7.400	7.400
February	No Trading	No Trading	7.400
March	No Trading	No Trading	7.400
April	6.660	6.660	6.660
May	6.660	6.660	6.660
June	6.680	6.660	6.660
July	6.020	5.430	5.430
August	5.000	5.000	5.000
September	No Trading	No Trading	5.000
October	No Trading	No Trading	5.000
November	No Trading	No Trading	5.000
December	8.280	5.750	8.280

Emirates Islamic's comparative performance with the general market during 2024.

Month (2024)	Emirates Islamic (AED)	DFMGI	Financials
January	7.40	4169.080	2994.640
February	7.40	4308.770	3177.610
March	7.40	4246.270	2996.040
April	6.66	4155.770	2904.370
May	6.66	3977.930	2806.370
June	6.66	4030.000	2892.020
July	5.43	4268.050	3123.490
August	5.00	4325.450	3170.420
September	5.00	4503.480	3285.280
October	5.00	4591.050	3278.130
November	5.00	4847.340	3381.630
December	8.28	5158.670	3478.950

Definitions

In this Corporate Governance Report, the following expressions shall have the following meanings:

EI / Emirates Islamic: Emirates Islamic Bank P.J.S.C.

Group: Emirates NBD Group and its subsidiaries

Bank: Emirates Islamic Bank P.J.S.C.

ALCO: Asset Liability Committee

Board: Emirates Islamic Board of Directors, the governing body of the Bank

BAC: Board Audit Committee

BRC: Board Risk Committee

BCIC: Board Credit and Investment Committee

BNRESGC: Board Nomination Remuneration and ESG Committee

BPEC: Board Profit Equalisation Committee

CBUAE: Central Bank of the UAE Corporate Governance Regulations: Includes the CBUAE Corporate Governance Regulation for Banks (Circular No.83/2019 dated July 18, 2019) and the SCA Chairman's Resolution No. 03/TM of 2020 Regarding the Approval of the Public Joint Stock Companies Governance Guide, in addition to other relevant laws, rules and regulations applicable to banking and listed companies on the DFM. Emirates Islamic Bank Annual Report 2023

DFM: Dubai Financial Market

ESG: Environmental, Social and Corporate Governance

EXCO: Emirates Islamic Executive Committee

GAM: General Assembly Meeting

HSA: Higher Shariah Authority

ICAAP: Internal Capital Adequacy Assessment Process

ISSC: Internal Shariah Supervision Committee

MIC: Management Investment Committee

MCC: Management Credit Committee

ORC: Operational Risk Committee

P.J.S.C.: Public Joint Stock Company

POA: Power of Attorney

RPT: Related Party Transactions

SCA: Securities and Commodities Authority

Directors' Report

Directors' Report

The Directors have pleasure in presenting their report together with the audited consolidated financial statements of Emirates Islamic Bank P.J.S.C. (the "Bank"/ "Emirates Islamic") and its subsidiaries (collectively known as "the Group") for the year ended 31 December 2024.

The Bank was incorporated by a decree of His Highness the Ruler of Dubai as a conventional Bank with a limited liability in the Emirate of Dubai on 3 October 1975. The Bank was reregistered as a Public Joint Stock Company in July 1995. At an extraordinary general meeting held on 10 March 2004, a resolution was passed to transform the Bank's activities to be in full compliance with Shariah rules and principles. The transformation was completed on 9 October 2004 (the "Transformation Date") when the Bank obtained Central Bank of the UAE and other the UAE authorities' approvals.

Basis of Preparation of Financial Statements

The Group consolidated financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board (IASB) and applicable requirements of the laws of the UAE and as per Islamic Shariah guidance.

Financial Commentary

Emirates Islamic announced its highest-ever net profit of AED 2.8 billion for 2024, marking a remarkable 32% increase from the previous year. This impressive growth was driven primarily by significant growth in funded and non-funded income.

The Bank maintained its robust liquidity and capital ratios, enabling a 31% expansion in Customer Financing throughout 2024. This growth reflects the improving economic landscape. Customer Deposits also saw a 25% increase, with Current Account and Savings Accounts demonstrating a notable 15% growth.

Emirates Islamic remains committed to upholding a strong balance sheet, characterized by rigorous risk oversight and effective cost management. This steadfast approach has earned the Bank an 'A+' Long-Term Rating from Fitch Ratings, accompanied by a Stable Outlook and Short-Term Rating of 'F1'. Furthermore, Fitch has maintained the Bank's Viability Rating at 'bb+'.

During 2024, The Bank issued its first Sustainability Sukuk priced at USD 750 million, setting another impressive benchmark in the Islamic finance industry and leading the movement towards a more sustainable economy. This landmark five-year offering was oversubscribed 2.8 times garnering substantial interest from global investors. This issuance also aligns with Emirates NBD Group's broader sustainability goals, including its pledge as a signatory of the UAE Banking Federation to mobilize AED 1 trillion in sustainable finance by 2030.

Emirates Islamic has solidified its position as a leader in the UAE banking sector, boasting one of the highest Emiratisation rates at 39% of total employees. The Bank has also made significant strides in promoting gender balance, with women holding 24% of leadership positions. To further accelerate this progress, Emirates Islamic has signed the UAE Gender Balance Pledge.

Guided by the principles of Shariah, Emirates Islamic remains deeply committed to giving back to the community. In 2024, the Emirates Islamic Charity Fund contributed more than AED 37 million to various charitable initiatives, focusing on essential areas such as food, health, education, social welfare and shelter - refer to UNSDG 2,3,4,8 and 11.

As the Islamic bank of choice in the UAE, Emirates Islamic continues to play a vital role in advancing the Islamic banking sector. The Bank remains dedicated to supporting the vision of His Highness Sheikh Mohammed Bin Rashid Al Maktoum to establish Dubai as the global capital of the Islamic economy.

Equity Holders Funds

Total Equity holders' funds as at the end of 2024 stands at AED 14,300 million (2023: AED 11,444 million).

Dividends

Emirates Islamic continued to make sustained growth during 2024 as a result of its planned growth strategy to be the leading Islamic Bank in the region, and the board of Emirates Islamic intends to continue this growth strategy. The retained profits will be used to fund this planned growth, whilst maintaining healthy capital ratios. No dividend is therefore proposed for the year ended 31 December 2024, to facilitate the growth strategy.

Proposed Appropriations

The Directors propose the following appropriations from retained earnings:

	AED million
Retained earnings as at 01 January 2024	**4,713.1**
Group profit for the year	**2,810.2**
Other comprehensive income	**(14.4)**
Transfer to Legal and Statutory reserve	**(281.0)**
Retained earnings available for appropriation	**7,227.9**
(a) Directors' fees for the year 2024	**(7.0)**
(b) Zakat for the year 2024	**(15.3)**
Balance of retained earnings as at 31 December 2024	**7,205.6**

Attendance of Directors at Board/ Board Committee meetings during 2024

Directors' Report

The Board of Directors comprises of the following members:

Mr. Hesham Abdulla Qassim Al Qassim	Chairman
Mr. Buti Obaid Buti Al Mulla	Vice Chairman
H.E. Mohamed Hadi Ahmed Al Hussaini	Director
H.E. Huda Syed Naim Al Hashimi	Director
Mr. Salem Mohammed Ibrahim Obaidalla	Director
Mr. Ali Humaid Ali Al Owais	Director
Mr. Shayne Nelson	Director

Total Number of Board Meetings: 6

Directors' Report continued

Board Audit Committee

Mr. Salem Mohammed Ibrahim Obaidalla	Chairman
Mr. Ali Humaid Ali Al Owais	Member
Mr. Shayne Nelson	Member

Total Number of Meetings: 4

Board Nomination & Remuneration and ESG Committee

Mr. Buti Obaid Buti Al Mulla	Chairman
Mr. Ali Humaid Ali Al Owais	Member
Mr. Salem Mohammed Ibrahim Obaidalla	Member

Total Number of Meetings: 5

Board Risk Committee

Mr. Ali Humaid Ali Al Owais	Chairman
Mr. Hesham Abdulla Qassim Al Qassim	Member
Mr. Salem Mohammed Ibrahim Obaidalla	Member

Total Number of Meetings: 4

Board Credit and Investment Committee

Mr. Hesham Abdulla Qassim Al Qassim	Chairman
HE. Mohamed Hadi Ahmad Al Hussaini	Member
Mr. Shayne NelsonMember	Member
Mr. Salem Mohammed Ibrahim Obaidalla	Member

Total Number of Meetings: 48

Board Profit and Equalization Committee

Mr. Hesham Abdulla Qassim Al Qassim	Chairman
Mr. Buti Obaid Buti Al Mulla	Member
Dr. Salim Al Ali	Member

Total Number of Meetings: 4

Auditors:

Deloitte & Touche were appointed as auditors of the Group for 2024 financial year in the Annual General Meeting held on 21st February 2024.

On behalf of the Board

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Chairman

Dubai, UAE
28 January 2025

The Annual Shariah Report and the Zakat Notice

The Annual Shariah Report
Annual Report of the Internal Shariah Supervision Committee of (Emirates Islamic Bank)

Issued on: 13-01-2025

To: Shareholders of (Emirates Islamic Bank) ("the Institution")

After greetings,
Pursuant to requirements stipulated in the relevant laws, regulations and standards ("the Regulatory Requirements"), the Internal Shariah Supervision Committee of the Institution ("ISSC") presents to you 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 and the ISSC's charter, the ISSC's responsibility is stipulated as to:

a. undertake Shariah supervision of all businesses, activities, products, services, contracts, documents and business charters of the Institution; and the Institution's policies, accounting standards, operations and activities in general, memorandum of association, charter, financial statements, allocation of expenditures and costs, and distribution of profits between holders of investment accounts and shareholders ("Institution's Activities") and issue Shariah resolutions in this regard, and

b. determine Shariah parameters necessary for the Institution's Activities, and the Institution's compliance with Islamic Shariah within the framework of the rules, principles, and standards set by the Higher Shariah Authority ("HSA") to ascertain compliance of the Institution with Islamic Shariah.

The senior management is responsible for compliance of the Institution with Islamic Shariah in accordance with the HSA's resolutions, fatwas, and opinions, and the ISSC's resolutions within the framework of the rules, principles, and standards set by the HSA ("Compliance with Islamic Shariah") in all Institution's Activities, and the Board bears the ultimate responsibility in this regard.

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

3. Duties Fulfilled by the ISSC During the Financial Year
The ISSC conducted Shariah supervision of the Institution's Activities by reviewing those Activities, and monitoring them through the internal Shariah control division, and internal Shariah audit, 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 (8) meetings during the year.
b. Issuing fatwas, resolutions and opinions on matters presented to the ISSC in relation to the Institution's Activities.
c. Monitoring compliance of policies, procedures, accounting standards, product structures, contracts, documentation, business charters, and other documentation submitted by the Institution to the ISSC for approval.
d. 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.
e. Supervision through the internal Shariah control division, and internal Shariah audit, of the Institution'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.
f. Providing guidance to relevant parties in the Institution – to rectify (where possible) incidents cited in the reports prepared by internal Shariah control division, and internal Shariah audit, and issuing of resolutions to set aside revenue derived from transactions in which non-compliances were identified for such revenue to be disposed towards charitable purposes.
g. Approving corrective and preventive measures related to identified incidents to preclude their reoccurrence in the future.
h. Specifying the amount of Zakat due on each share of the Institution.
i. Communicating with the Board and its subcommittees, and the senior management of the Institution (as needed) concerning the Institution's compliance with Islamic Shariah.

The ISSC sought to obtain all information and interpretations deemed necessary in order to reach a reasonable degree of certainty that the Institution is compliant with Islamic Shariah.

4. Independence of the ISSC
The ISSC acknowledges that it has carried out all of its duties independently and with the support and cooperation of the senior management and the Board of the Institution. The ISSC received the required assistance to access all documents and data, and to discuss all amendments and Shariah requirements.

5. The ISSC's Opinion on the Shariah Compliance Status of the Institution
Premised on information and explanations that were provided to us with the aim of ascertaining compliance with Islamic Shariah, the ISSC has concluded with a reasonable level of confidence, that the Institution's Activities are in compliance with Islamic Shariah, except for the incidents of non-compliance observed, as highlighted in the relevant reports. The ISSC also provided directions to take appropriate measure in this regard.

The ISSC formed its opinion, as outlined above, exclusively on the basis of information perused by the ISSC during the financial year.

Signatures of members of the Internal Shariah Supervision Committee of the Institution

Prof. Mohamed Abdul Rahim Sultan Al Olama	Chairman and Executive	( )
Prof. Mohamed Ali Elgari	Vice Chairman	( )
Dr. Salim Ali Al-Ali	Member	( )

Due Zakat on Emirates Islamic Bank Shareholders for the year 2024

Zakat on shares may be calculated using one of the following methods, according to the intention of the shareholder:

First Method
Zakat on shares purchased for trading purposes (for capital gain) is as follows:
- Zakat per share for trading purposes = Share quoted value x 2.585%* - AED 0.002816**
- Total Zakat payable on shares = Number of shares x Zakat per share for trading purposes

Second Method
Zakat on shares purchased for acquisition (to benefit from the annual return) is as follows:
- Total Zakat payable on shares held for annual return*** = Number of shares x AED 0.002816

* Note: Zakat is calculated at 2.5777% of Zakat base for a simple Gregorian year, 2.585% for a leap Gregorian year and at 2.5% for Hijri year. The difference in Zakat percentage is due to difference in number of days in calendars.

** Represents portion of a share's Zakat that the Bank has already paid.
*** The Bank has already paid total Zakat payable on shares held for annual return.

Financial Statements

Financial Statements 124–187

Deloitte.

Independent Auditors' Report

The Shareholders
Emirates Islamic Bank P.J.S.C.
Dubai
United Arab Emirates

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Emirates Islamic Bank P.J.S.C.** (the "Bank") **and its subsidiaries** (together the "Group") which comprise the consolidated statement of financial position as at 31 December 2024, and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies 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 consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the other ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Financing receivables loss impairments – Estimation uncertainty with respect to expected credit losses for financing receivables to customers	
The assessment of the Group's determination of impairment allowances for financing receivables to customers requires management to make judgements over the staging of financial assets and measurement of the Expected Credit Loss (ECL). The audit was focused on this matter due to the quantitative significance of the financing receivables to customers (representing 63% of total assets) and the complexity of the judgements, assumptions and estimates used in the ECL models. Refer to Note 6 to the consolidated financial statements for the accounting policy and note 36 for the credit risk disclosure.	We performed the following audit procedures on the computation and reasonableness / appropriateness of the ECL included in the Group's consolidated financial statements for the year ended 31 December 2024: We gained an understanding of the financing receivables origination process, credit risk management process and the estimation process of determining impairment allowances for financing receivables to customers and tested the operating effectiveness of relevant controls within these processes.

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Independent Auditors' Report
To the Shareholders of Emirates Islamic Bank P.J.S.C. (continued)

Key audit matter	How our audit addressed the key audit matter
Financing receivables loss impairments – Estimation uncertainty with respect to expected credit losses for financing receivables to customers (continued)	
The material portion of the non-retail portfolio of financing receivables is assessed individually for the significant increase in credit risk (SICR) or credit impairment and the related 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 may also be involved in manual staging movements in accordance with the Group's policies and the requirements of IFRSs. The measurement of ECL amounts for retail and non-retail exposures classified as Stage 1 and Stage 2 are carried out by the models with limited manual intervention. It is important that models and its parameters (Probability of Default "PD", Loss given Default "LGD", Exposure at Default "EAD" and macroeconomic adjustments) are valid throughout the reporting period and are subject to a validation process by an independent reviewer. The Group performed an independent validation / monitoring of the PD and LGD models including macro-economic model during the reporting period, as well as an external validation for some of the newly implemented models.	On a sample basis, we selected individual financing receivables and performed a detailed credit review and challenged the Group's identification of SICR (Stage 2), the assessment of credit-impaired classification (Stage 3) and whether relevant impairment events had been identified in a timely manner. We challenged the assumptions underlying the impairment allowance calculation, such as credit risk mitigation through estimated future discounted cash flows including collateral valuations and estimates of recovery. We evaluated controls over approval, accuracy and completeness of impairment allowances and governance controls, including assessing key management and committee meetings that form part of the approval process for financing receivables impairment allowances. We evaluated key assumptions such as criteria used to determine SICR and forward-looking macroeconomic scenarios including the related weighting. On a sample basis, we assessed the group application of the staging criteria, including the basis for movement between stages. For financing receivables tested collectively, we evaluated controls over the modelling process, including model inputs, monitoring, validation, and approval. We challenged key assumptions, reviewed the calculation methodology and traced a sample back to source data. We tested the IT application used in the credit impairment process and verified the integrity of data used as input to the models including the transfer of data between source systems and the impairment models. We evaluated system-based and manual controls over the recognition and measurement of impairment allowances. We evaluated post-model adjustments and management overlays in order to assess the reasonableness of these adjustments. We further assessed the reasonableness of forward-looking information incorporated into the impairment calculations by involving our specialists to challenge the multiple economic scenarios chosen and weighting applied to capture non-linear losses. We considered the process of the independent validation of models and involved our subject matter specialists to review the validation and its impact on the results of the impairment estimate.

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Independent Auditors' Report
To the Shareholders of Emirates Islamic Bank P.J.S.C. (continued)

Key audit matter	How our audit addressed the key audit matter
Financing receivables loss impairments – Estimation uncertainty with respect to expected credit losses for financing receivables to customers (continued)	
	We updated our assessment of the methodology and framework designed and implemented by the Group as to whether the impairment models' outcomes and stage allocations appear reasonable and reflective of the forecasts used by the Group to determine future economic conditions at the reporting date. We assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards.
IT systems and controls over financial reporting	
We identified IT systems and controls over financial reporting as an area of focus due to the extensive volume and variety of transactions which are processed daily by the Group 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 address the potential risk for fraud and error as a result of change to applications or underlying data.	We obtained an understanding of the applications relevant to financial reporting and the infrastructure supporting these applications. We tested IT general controls relevant to the identified automated controls and Information Produced by the Entity ("IPEs") covering access security, program changes, data center and network operations. We examined certain IPEs used in the financial reporting from relevant applications and key controls over their report logics as well as preparation and maintenance. We performed testing on the key automated controls on significant IT systems relevant to business processes. We tested the interfaces among identified systems in order to determine whether information is being transmitted in an accurate and complete manner.

Other Information
The Board of Directors is responsible for the other information. The other information comprises the annual report of the Group, but 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 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with applicable provisions of 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.

Deloitte.

Independent Auditors' Report
To the Shareholders of Emirates Islamic Bank P.J.S.C. (continued)

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 risks, 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 controls.
- Obtain an understanding of internal controls 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 controls.
- 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 disclosures 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 represent 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 the Group's Audit Committee, 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 Auditors' Report
To the Shareholders of Emirates Islamic Bank P.J.S.C. (continued)

Report on Other Legal and Regulatory Requirements

As required by the UAE Federal 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 consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (32) of 2021;
- The Group has maintained proper books of account;
- The financial information included in the Directors' report is consistent with the books of account and records of the Bank;
- Note 10 to the consolidated financial statements discloses the Bank's purchases or investments in shares during the year ended 31 December 2024;
- Note 31 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted and principles of managing conflict of interest;
- 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 year ended 31 December 2024 any of the applicable provisions of the UAE Federal 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; and
- Note 38 to the consolidated financial statements of the Group discloses social contributions made during the year ended 31 December 2024.

Further, as required by UAE 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.)

Musa Ramahi
Registration No. 872
28 January 2025
Dubai

Group Consolidated Statement of Financial Position
As at 31 December 2024

	Notes	2024 AED 000	2023 AED 000
Assets			
Cash and deposits with the Central Bank of the UAE	8	**14,674,527**	14,981,141
Due from banks	9	**10,028,460**	6,131,154
Investment securities	10	**13,463,573**	10,429,662
Financing receivables	11	**70,479,855**	53,747,737
Positive fair value of Islamic derivatives	28	**156,947**	184,173
Customer acceptances	30	**747,795**	1,036,534
Investment properties		**170,795**	184,806
Property and equipment		**320,207**	270,848
Other assets	12	**1,086,514**	845,676
Total assets		**111,128,673**	**87,811,731**
Liabilities			
Due to banks	13	**5,883,525**	5,792,375
Customer deposits	14	**76,784,930**	61,314,915
Sukuk payable and other medium term financing	15	**9,263,125**	4,672,500
Negative fair value of Islamic derivatives	28	**150,020**	178,396
Customer acceptances	30	**747,795**	1,036,534
Other liabilities	16	**3,998,967**	3,373,303
Total liabilities		**96,828,362**	**76,368,023**
Equity			
Issued capital	17	**5,430,422**	5,430,422
Legal and statutory reserve	18	**1,308,187**	1,027,161
Other reserves	18	**543,043**	543,043
Fair value reserve	18	**(186,918)**	(269,979)
Retained earnings		**7,205,577**	4,713,061
Total equity		**14,300,311**	**11,443,708**
Total liabilities and equity		**111,128,673**	**87,811,731**

The attached notes 1 to 39 form an integral part of these Group consolidated financial statements.
The independent auditor's report is set out on pages 126-130.

Mr. Hesham Abdulla Al Qassim
Chairman

Mr. Shayne Nelson
Director

Mr. Farid AlMulla
Chief Executive Officer

Group Consolidated Statement of Income
For the year ended 31 December 2024

	Notes	2024 AED 000	2023 AED 000
Income from financing receivables and investment products	19	**5,779,226**	4,664,893
Distribution on deposits and profit paid to Sukuk holders	20	**(1,549,453)**	(950,916)
Net income from financing receivables and investment products		**4,229,773**	**3,713,977**
Fee and commission income	21	**1,126,948**	937,078
Fee and commission expense		**(605,924)**	(454,937)
Net fee and commission income		**521,024**	**482,141**
Other operating income	22	**613,263**	569,453
Total operating income		**5,364,060**	**4,765,571**
General and administrative expenses	23	**(1,644,684)**	(1,771,366)
Operating profit before impairment		**3,719,376**	**2,994,205**
Net impairment loss on financial assets	24	**(671,828)**	(994,638)
Net impairment reversal on non-financial assets		**40,362**	121,648
Net impairment loss		**(631,466)**	**(872,990)**
Profit for the year before taxation		**3,087,910**	**2,121,215**
Taxation charge	25	**(277,650)**	–
Profit for the year		**2,810,260**	**2,121,215**
Earnings per share (AED)	27	**0.518**	**0.391**

The attached notes 1 to 39 form an integral part of these Group consolidated financial statements.
The independent auditor's report is set out on pages 126-130.

Group Consolidated Statement of Comprehensive Income
For the year ended 31 December 2024

	2024 AED 000	2023 AED 000
Profit for the year	**2,810,260**	2,121,215
Other comprehensive income		
Items that will not be reclassified subsequently to the income statement:		
Actuarial gains / (losses) on retirement benefit obligations	**(14,424)**	(15,714)
Items that may be reclassified subsequently to the income statement:		
Cash flow hedges:		
- Effective portion of changes in fair value	**9,491**	4,986
Fair value reserve (Sukuk instruments):		
- Net change in fair value	**81,883**	100,548
- Net amount transferred to income statement	**(98)**	(37)
Related deferred tax	**(8,215)**	–
Other comprehensive income / (loss) for the year	**68,637**	89,783
Total comprehensive income for the year	**2,878,897**	**2,210,998**

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The independent auditor's report is set out on pages 126-130.

Group 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 taxation	**3,087,910**	2,121,215
Adjustment for non cash items and other items (refer Note 34)	**1,041,122**	1,233,827
Operating profit before changes in operating assets and liabilities	**4,129,032**	**3,355,042**
(Increase) / decrease in balances with the Central Bank maturing after three months	**81,799**	(7,439,773)
(Increase) / decrease in amounts due from banks maturing after three months	**(3,440,345)**	(3,045,773)
Increase / (decrease) in amounts due to banks maturing after three months	**877,537**	(146,455)
(Increase) / decrease in positive fair value of Islamic derivatives	**36,717**	4,931
Increase / (decrease) in negative fair value of Islamic derivatives	**(28,376)**	(13,104)
(Increase) / decrease in other assets	**(244,866)**	(88,074)
Increase / (decrease) in other liabilities	**158,265**	698,126
Increase / (decrease) in customer deposits	**15,470,015**	4,971,260
(Increase) / decrease in financing receivables	**(17,551,391)**	(6,451,460)
Net cash flows generated from / (used in) operating activities	**(511,613)**	**(8,155,280)**
Investing activities		
(Increase) / decrease in investment securities	**(2,959,594)**	(3,018,038)
(Increase) / decrease in investment properties	**45,253**	215,665
Dividend income received	**3,168**	29
(Increase) / decrease in property and equipment	**(141,108)**	(110,215)
Net cash flows generated from / (used in) investing activities	**(3,052,281)**	**(2,912,559)**
Financing activities		
Issuance of sukuk and other medium term financing	**4,590,625**	1,000,000
Net cash flows generated from / (used in) financing activities	**4,590,625**	**1,000,000**
Increase / (decrease) in cash and cash equivalents (refer Note 34)	**1,026,731**	**(10,067,839)**

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The independent auditor's report is set out on pages 126-130.

Group Consolidated Statement of Changes in Equity
For the year ended 31 December 2024

	Issued capital AED 000	Legal and statutory reserve AED 000	Other reserves AED 000	Fair value reserve AED 000	Retained earnings AED 000	Total AED 000
Balance as at 1 January 2024	**5,430,422**	**1,027,161**	**543,043**	**(269,979)**	**4,713,061**	**11,443,708**
Profit for the year	**–**	**–**	**–**	**–**	**2,810,260**	**2,810,260**
Other comprehensive income/(loss) for the year	**–**	**–**	**–**	**83,061**	**(14,424)**	**68,637**
Transfer to reserves	**–**	**281,026**	**–**	**–**	**(281,026)**	**–**
Directors' fees (refer note 26)	**–**	**–**	**–**	**–**	**(7,000)**	**(7,000)**
Zakat	**–**	**–**	**–**	**–**	**(15,294)**	**(15,294)**
Balance as at 31 December 2024	**5,430,422**	**1,308,187**	**543,043**	**(186,918)**	**7,205,577**	**14,300,311**
Balance as at 1 January 2023	5,430,422	815,039	543,043	(375,476)	2,847,314	9,260,342
Profit for the year	–	–	–	–	2,121,215	2,121,215
Other comprehensive income/(loss) for the year	–	–	–	105,497	(15,714)	89,783
Transfer to reserves	–	212,122	–	–	(212,122)	–
Directors' fees (refer note 26)	–	–	–	–	(7,000)	(7,000)
Zakat	–	–	–	–	(20,632)	(20,632)
Balance as at 31 December 2023	5,430,422	1,027,161	543,043	(269,979)	4,713,061	11,443,708

The attached notes 1 to 39 form an integral part of these Group consolidated financial statements.
The independent auditor's report on the Group consolidated financial statements is set out on pages 126-130.

Notes to the Group Consolidated Financial Statements
For the year ended 31 December 2024

1 Corporate Information
Emirates Islamic Bank P.J.S.C (the "Bank") was incorporated by a decree of His Highness the Ruler of Dubai as a conventional Bank with a limited liability in the Emirate of Dubai on 3 October 1975. The Bank was reregistered as a Public Joint Stock Company in July 1995 and is regulated by the Central Bank of United Arab Emirates.

At an extraordinary general meeting held on 10 March 2004, a resolution was passed to transform the Bank's activities to be in full compliance with the Shariah rules and principles. The entire process was completed on 9 October 2004 (the "Transformation Date") when the Bank obtained the UAE Central Bank and other UAE authorities' approvals.

The Bank is a subsidiary of Emirates NBD Bank P.J.S.C, Dubai (the "Group Holding Company"). The ultimate parent company of the Group Holding Company is Investment Corporation of Dubai (the "Ultimate Parent Company"), which is wholly owned by the Government of Dubai.

The Bank is listed in the Dubai Financial Market (TICKER: "EIB"). The Bank's website is http://www.emiratesislamic.ae. In addition to its head office in Dubai, the Bank operates through 40 branches in the UAE. The group consolidated financial statements comprise financial statements of the Bank and its following subsidiaries and other entities controlled by the Bank (together referred to as "the Group").

Subsidiaries	Date of incorporation & country	Principal activity	Ownership % 31 December 2024	Ownership % 31 December 2023
Emirates Islamic Financial Brokerage Co. LLC*	26 April 2006, UAE	Financial brokerage services	100%	100%
EI Funding Limited	15 May 2014, Cayman Islands	Special Purpose Entity	100%	100%
Other entities consolidated by the Group on the bases of control assessment:				
EIB Sukuk Company Limited	16 April 2007, Cayman Islands	Special Purpose Entity		

The Bank provides banking services and offers a variety of products through financing and investing instruments in accordance with Shariah rules and principles.

The Bank's registered office address is P.O. Box 6564, Dubai, United Arab Emirates.

*This subsidiary is in the process of being dissolved.

2 Basis of accounting
Statement of compliance:
The Group consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and applicable requirements of the laws of the UAE.

Federal Law No. 32 of 2021 on Commercial Companies has come into effect from 2 January 2022, replacing the existing Federal Law No. 2 of 2015.

The principal accounting policies adopted in the preparation of the Group consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

3 Functional and presentation currency
The Group consolidated financial statements are presented in United Arab Emirates Dirham (AED), which is the Group's functional currency. Except where indicated, financial information presented in AED has been rounded to the nearest thousand.

4 Basis of measurement
The Group consolidated financial statements have been prepared under the historical cost basis except for the following:
- Shariah compliant derivatives are measured at fair value;
- financial instruments classified at fair value through profit or loss (FVTPL) are measured at fair value; and,
- financial assets at fair value through other comprehensive income (FVOCI) are measured at fair value.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Group consolidated financial statements are disclosed in Note 5.

5 Use of judgements and estimates
The preparation of the Group consolidated financial statements requires management to make certain estimates and assumptions that affect the reported amount of financial assets and liabilities and the resultant allowances for impairment and fair values. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowances required for impaired financing receivables as well as allowances for impairment provision for unquoted investment securities. Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Significant items where the use of estimates and judgments are required are outlined below:

(i) Financial instruments
Judgments made in applying accounting policies that have most significant effects on the amounts recognized in the consolidated financial statements of the year ended 31 December 2024 pertain to:

- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial assets are solely payment of principal and profit of the principal amount outstanding
- Calculation of expected credit loss (ECL): Assumptions and estimation uncertainties that have a significant impact on ECL for the year ended 31 December 2024. The impact is mainly driven by inputs, assumptions and techniques used for ECL calculation under IFRS 9 methodology.

Inputs, assumptions and techniques used for ECL calculation
Key concepts that have the most significant impact and require a high level of judgment, as considered by the Group while determining the ECL, are:

Assessment of Significant Increase in Credit Risk ("SICR")
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 Group compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using early warning and other indicators that are used in the Group's existing risk management processes.

The Group's assessment of significant increases in credit risk is being performed at least quarterly for each individual exposure based on three factors. If any of the following factors indicates that a significant increase in credit risk has occurred, the instrument will be moved from Stage 1 to Stage 2 including but not limited to:

1. The Group has established thresholds for significant increase in credit risk based on movement in Probability of Default relative to initial recognition.
2. Additional qualitative reviews have been performed to assess the staging results and make adjustments, as necessary, to better reflect the positions which have significantly increased in risk.
3. IFRS 9 contains a rebuttable presumption that instruments which are 30 days past due have experienced a significant increase in credit risk.

Movements between Stage 2 and Stage 3 are based on whether financial assets are credit-impaired as at the reporting date. The determination of credit-impairment is based on individual assessment of financial assets for objective evidence of impairment.

The Group reviews its financing receivables portfolio to assess unlikeliness to pay and impairment on a regular basis. In determining whether an impairment loss should be recorded in the consolidated statement of income, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the contractual future cash flows from a financing receivable or homogenous group of financing receivables. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss.

Macroeconomic Factors, Forward Looking Information and Multiple Scenarios
The measurement of ECL for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions.

The estimation and application of forward-looking information requires significant judgment based on the macroeconomic variables (or changes in macroeconomic variables) such as occupancy rates, oil prices, housing price index and GDP (where applicable), that are closely correlated with credit losses in the relevant portfolio and represent the underlying causal effects of changes in these economic conditions. Each macroeconomic scenario used in the Group's ECL calculation will have projected forecasts of the relevant macroeconomic variables.

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2024

5 Use of judgements and estimates (continued)
(i) Financial instruments (continued)
Inputs, assumptions and techniques used for ECL calculation (continued)
Macroeconomic Factors, Forward Looking Information and Multiple Scenarios (continued)

The Group estimation of ECL in Stage 1 and Stage 2 is a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios. These scenarios are based on macroeconomic forecasts published by the external experts. If conditions warrant, additional downside scenarios may also be considered.

Probability weights attached to these scenarios are updated on a quarterly basis (if required). All scenarios considered are applied to all portfolios subject to ECL with the same probabili ties. In some instances, the inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the consolidated financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Such cases are subjected to the Group's governance process for oversight.

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 during Q4 2024 and for the years ending 2025 to 2028.

	Base Scenario					Upside Scenario					Downside Scenario				
	2024	2025	2026	2027	2028	2024	2025	2026	2027	2028	2024	2025	2026	2027	2028
UAE															
Oil Price – USD	81	78	76	75	75	81	84	80	76	76	81	60	60	71	73
GDP - Change %	3.7	4.0	3.6	3.8	3.9	3.7	5.8	5.1	3.8	3.9	3.7	0.2	-0.9	4.8	5.6
Imports - AED in Bn	1,919	2,039	2,160	2,268	2,379	1,919	2,058	2,216	2,362	2,500	1,919	1,865	1,882	1,995	2,098

As with any economic forecasts, the projections and likelihoods of the occurrence are subject to inherent uncertainty and therefore the actual outcomes may be significantly different to those projected.

Definition of default
The definition of default used in the measurement of ECL and the assessment to determine movement between stages is consistent with the definition of default used for internal credit risk management purposes. IFRS 9 does not define default but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due.

Expected Life
When measuring ECL, the Group must consider the maximum contractual period over which it is exposed to credit risk. All applicable contractual terms are considered when determining the expected life, including prepayment extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Group is exposed to credit risk and where the credit losses would not be mitigated by management actions.

Governance
In addition to the existing risk management framework, the Group has established an internal Committee to provide oversight to the IFRS 9 impairment process. The Committee is comprised of senior representatives from Finance, Risk Management, Internal audit and Business teams and are responsible for reviewing and approving key inputs and assumptions used in the Group ECL estimates. It also assesses the appropriateness of the overall allowance results to be included in the Group financial statements.

(ii) Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from quoted prices, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable market data where possible, but where this is not possible, a degree of judgment is required in establishing fair values. The judgments include consideration of liquidity and model inputs such as correlation and volatility for longer dated Shariah compliant derivatives.

Fair values are subject to a control framework designed to ensure that they are either determined or validated, by a function independent of the risk taker.

(iii) Contingent liability arising from litigations
Due to the nature of its operations, the Group may be involved in litigations arising in the ordinary course of business. Provision for contingent liabilities arising from litigations is based on the probability of outflow of economic resources and reliability of estimating such outflow. Such matters are subject to many uncertainties and the outcome of individual matters is not predictable with assurance.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are applied prospectively.

6 Material accounting policies
The Group has consistently applied the following accounting policies to all periods presented in these Group consolidated financial statements.

(a) Principles of consolidation
(i) Subsidiaries
Subsidiaries are all entities (including structured entities) over which the Group has control.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group re-assesses 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. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Basis of consolidation
The Group consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the Group consolidated financial statements are prepared for the same reporting date as the Bank. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated.

Business combinations are accounted for by applying the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date, fair value of assets transferred by group, liability incurred, and equity interest issued by the group in exchange for control of the acquiree. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred, and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date.

Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IFRS 9 in profit or loss. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interest in the acquiree are restated to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained.

(ii) Special Purpose Entities
Special Purpose Entities (SPEs) are entities that are created to accomplish a well-defined objective such as the securitisation of particular assets, or the execution of a specific funding transaction. An SPE is consolidated if the Group is exposed to variable returns from its involvement in the SPE and has the ability to affect those returns through its power over the SPE based on an evaluation of the substance of its relationship with the Group.

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2024

6 Material accounting policies (continued)
(a) Principles of consolidation (continued)
(ii) Special Purpose Entities (continued)
The following circumstances may indicate a relationship in which, in substance, the Group controls and consequently consolidates an SPE:
a. the Group has power over the SPE;
b. the Group has exposure to, or rights, to variable returns from its involvement with the SPE; and
c. the Group has the ability to use its power over the SPE to affect the amount of the Group's returns.

The assessment of whether the Group has control over an SPE is carried out at inception and reassessed at each period end date or if there are changes in the structure / terms of additional transactions between the group and the SPE.

Information about the Group's securitisation activities is included in Note 15.

(b) Foreign Currencies
Monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. The resulting gain / loss on monetary items is taken to the 'Other operating income' in the consolidated statement of income. 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.

(c) Financing Profit
Effective profit rate
Profit income and expense are recognised in profit or loss using the effective profit method. The 'effective profit rate' is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument to:
- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective profit rate for financial instruments other than credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For credit-impaired financial assets, a credit-adjusted effective profit rate is calculated using estimated future cash flows including ECL.

Amortised cost
The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal payments, plus or minus the cumulative amortization of the difference between the initial amount and the maturity amount using the effective profit method and, for financial assets, adjusted for any loss allowance.

Gross carrying amount
The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting any loss allowance.

Presentation
Finance profit and expense presented in the consolidated statement of income include:
- Profit on financial assets and financial liabilities measured at amortised cost calculated on an effective profit basis.
- Profit on Sukuk measured at FVOCI calculated on an effective profit basis.

(d) Income from financing receivables
Revenue is recognised on the respective Islamic products as follows:

Murabaha
The profit is quantifiable and contractually determined at the commencement of the contract. Profit is recognised as it accrues over the life of the contract using an effective profit method on the balance outstanding.

Istisna'a
Istisna'a revenue and the associated profit margin (difference between the cash price to the customer and the bank's total Istisna'a cost) are accounted using effective profit method.

Ijara
Income from Ijara is recognised on an accrual basis over the period of the contract using effective profit method.

Mudaraba
Income on Mudaraba financing is recognised on distribution by the Mudarib, whereas the losses are charged to income on their declaration by the Mudarib.

Wakala
Estimated income from Wakala is recognised on an accrual basis over the period using effective profit method, adjusted by actual income when received. Losses are accounted for on the date of declaration by the agent.

(e) Fees and commission
Fee income, which is not an integral part of the effective profit rate of a financial instrument, is earned from a diverse range of services provided by the Group to its customers and are accounted for in accordance with IFRS 15 *'Revenue from Contracts with Customers'*. Under the IFRS 15, fee income is measured by the Group based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Fee income is accounted for as follows:
(i) income earned on the execution of a significant act is recognised as revenue when the act is completed (for example, fees arising from negotiating, or participating in the negotiation of a transaction for a third-party, such as an arrangement for the acquisition of shares or other securities);
(ii) income earned from the provision of services is recognised as revenue as the services are provided (for example, portfolio and other management advisory and service fees); and
(iii) Other fees and commission income and expense are recognised as the related services are performed or received.

Fee 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 recorded in income from financing and investing products.

(f) Earnings prohibited by Shariah
Earnings prohibited by the Shariah are a result of errors in execution of transactions as determined by the Internal Shariah Supervision Committee (ISSC), or obligated amount to Charity (late payment donation amounts) from customers who delayed the payment of their dues, according to the resolution of the ISSC of the Group, these funds are used specifically for Charity purposes and social contributions according to internal policies of the Group and ISSC guidance.

(g) Dividend income
Dividend income is recognised when the Group's right to receive the dividend is established.

(h) Property related income
Property related income includes rental income, which is recognised on a straight-line basis over the term of the lease.

(i) Leases
Under IFRS 16, the Group recognises a right-of-use asset and a lease liability at lease commencement for all leases, except for short term leases and leases of low value assets.

The Group initially measures the right-of-use asset at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

The Group initially measures the lease liability at the present value of the future lease payments discounted using the discount rate implicit in the lease. Subsequently, the lease liability is adjusted for profit and lease payments, as well as the impact of lease modifications, amongst others.

The Group has elected to apply the expedient allowed by IFRS 16 on its general requirements to short-term leases (i.e. one that does not include a purchase option and has a lease term at commencement date of 12 months or less) and leases of low value assets. For this the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term or another systematic basis if that basis is representative of the pattern of the lessee's benefits.

The Group has presented right of use assets within 'Property and equipment' and lease liabilities within 'Other liabilities' in the consolidated statement of financial position.

Where the Group leases out its investment property, the Group has classified these as operating leases.

(j) Financial assets and financial liabilities
(i) Classification of financial assets and financial liabilities
On initial recognition, a financial asset is classified as measured: at amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2024

6 Material accounting policies (continued)
(j) Financial assets and financial liabilities (continued)
(i) Classification of financial assets and financial liabilities (continued)
On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income (OCI). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(ii) Recognition and initial measurement
The Group initially recognises financing receivables, deposits, sukuks payable and other medium term financing on the date on which they are originated or acquired. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

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 as this best reflects the way the business is managed and information is provided to management. The information considered includes:
- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual profit revenue, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group'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 frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about the future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Assessment whether contractual cash flows are solely payments of principal and profit:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'profit' is defined as consideration for the time value of money and 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 margin.

In assessing whether the contractual cash flows are solely payments of principal and profit, the Group 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. In making the assessment, the Group considers:
- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of profit rate.

See note on investment securities, financing receivables and cash and cash equivalents for further details.

The Group classifies its financial liabilities, other than financial guarantees and financing commitments, as measured at amortised cost or FVTPL.

Reclassifications:

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

(iii) Impairment
The Group recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:
- financial assets that are financing instruments;
- financial guarantee contracts issued; and
- financing commitments issued.

No impairment loss is recognised on equity investments.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the financial instruments on which credit risk has not increased significantly since their initial recognition.

12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after reporting date.

Measurement of ECL

ECL are probability-weighted estimate of credit losses. They are measured as follows:
- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn financing commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

Restructured financial assets

If the terms of a financial asset are modified or an existing financial asset is replaced with a new one due to financial difficulties of the obligor, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:
- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset. The cash shortfalls are discounted from the expected date of derecognition to the reporting date using the original effective profit rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the obligor or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a financing or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the obligor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Purchased or originated credit impaired assets (POCI)

POCI assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and profit is subsequently recognised based on a credit-adjusted EIR. Lifetime ECLs are only recognised or released to the extent that there is a subsequent change in the credit risk.

Revolving facilities

The Group's product offering includes a variety of corporate and retail facilities and credit cards, in which the Group has the right to cancel and/or reduce the facilities at a short notice. The Group does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Group's expectations of the customer behaviour, its likelihood of default and the Group's future risk mitigation procedures, which could include reducing or cancelling the facilities.

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2024

6 Material accounting policies (continued)
(j) Financial assets and financial liabilities (continued)
(iii) Impairment (continued)
Revolving facilities (continued)

Based on past experience and the Group's expectations, the period over which the Group calculates ECLs for these products, is estimated based on the period over which the Group is exposed to credit risk and where the credit losses would not be mitigated by management actions.

Write-off

Financing receivables and financing securities are written off (either partially or in full) when there is no reasonable prospect of recovery. This is generally the case when the Group has exhausted all legal and remedial efforts to recover from the customers. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due

(iv) Financial guarantees and financing commitments
Financial guarantees are contracts that require the Group to make specified payments to reimburse the holders for a loss they incur because a specified obligor fails to make payment when due, in accordance with the terms of a financing instrument. The financial guarantee liability is carried at amortised cost when payment under the contract has become probable.

'Financing commitments' are firm irrevocable commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or irrevocable commitments to provide credit are initially measured at fair value and their initial fair value is amortised over the life of the guarantee or the commitment. Subsequently, they are measured at the higher of this amortised amount and the amount of loss allowance.

(v) Financing receivables
Financing receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. 'Financing receivables' captions in the consolidated statement of financial position include:

- Financing receivables measured at amortised cost; they are initially measured at fair value plus incremental direct transaction costs and subsequently at their amortised cost using the effective profit method and are presented net of expected credit losses; and
- Financing receivables measured at FVTPL or designated as at FVTPL; these are measured at fair value with changes recognised immediately in profit or loss, if applicable.

The following terms are used in financing receivables:

Murabaha

An agreement whereby the Group sells to a customer a commodity, which the Group has purchased and acquired, based on a promise received from the customer to buy the item purchased according to specific terms and conditions. The selling price comprises the cost of the commodity and an agreed profit margin.

Istisna'a

An agreement between the Group and a customer whereby the Group would sell to the customer a developed property according to agreed upon specifications. The Group would develop the property either on its own or through a subcontractor and then hand it over to the customer on a fixed date at an agreed price.

Ijara

An agreement, whereby the Group (lessor) leases an asset to a customer (lessee), for a specific period and against certain rent instalments. Ijara could end by transferring the ownership of asset to the lessee through a separate agreement or in accordance with sale undertaking provisions.

Musharaka

An agreement between the Group and a customer to contribute to a certain investment enterprise, whether existing or new, or the ownership of a certain property either permanently or according to a diminishing agreement set between both parties while the loss is shared in proportion to their shares of capital in the enterprise.

Mudaraba

An agreement between two parties; wherein one of them provides the funds and is called Rab-Ul-Mal and the other provides efforts and expertise and is called the Mudarib and is responsible for investing such funds in a specific enterprise or activity in return for a pre-agreed percentage of the Mudaraba income. In case of normal loss; the Rab-Ul-Mal would bear the loss of his funds while the Mudarib would bear the loss of his efforts. However, in case of default, negligence or violation of any of the terms and conditions of the Mudaraba agreement, only the Mudarib would bear the losses.

The Group may act as Mudarib when accepting funds from depositors and as Rab-Ul-Mal when investing such funds on a Mudaraba basis.

Wakala

An agreement whereby the Group provides a certain sum of money to an agent who invests it according to specific conditions in return for a certain fee (a lump sum of money or a percentage of the amount invested). The agent is obliged to return the invested amount in case of default, negligence or violation of any of the terms and conditions of the Wakala.

These products are carried at amortised cost less impairment.

(vii) Investment securities
Investment securities' caption in the consolidated statement of financial position includes:
- Financing investment securities measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective profit method;
- Financing and equity investment securities measured at FVTPL or designated as at FVTPL; these are at fair value with changes recognised immediately in profit or loss;
- Financing securities measured at FVOCI; and
- Equity investment securities designated as at FVOCI.

For financing securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost.
- Profit income using the effective profit method
- ECL charges and reversals, and
- Foreign exchange gains and losses.

When a financing security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

The Group elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses on equity instruments recognised in OCI are transferred to retained earnings on disposal of an investment.

(viii) Derecognition
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of the ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards or ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as FVOCI is not recognised in profit or loss account on derecognition of such securities.

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities financing and sale-and-repurchase transactions.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2024

6 Material accounting policies (continued)
(j) Financial assets and financial liabilities (continued)
(ix) Modification of financial assets and financial liabilities
If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the obligor, then the gain or loss is presented together with impairment losses. In other cases, it is presented as profit income.

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

(x) Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the Group consolidated statement of financial position when, and only when, the Group currently has legally enforceable rights to set off amounts and it intends either to settle them on a net basis or through realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activities.

(xi) Fair value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
(i) In the principal market for the asset or liability; or
(ii) In the absence of principal market, in the most advantageous market for the asset and liabilities.

If an asset or a liability measured at fair value has a 'Bid' price and an 'Ask' price, then the Group measures assets and long positions at a 'Bid' price and liabilities and short positions at an 'Ask' price.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Fair value is applicable to both financial and non-financial instruments.

(xii) Designated at FVTPL
At initial recognition, the Group has designated certain financial assets as at FVTPL because this designation eliminates or significantly reduces an accounting mismatch, which would otherwise arise.

The Group has designated certain financial liabilities as at FVTPL in either of the following circumstances:
(a) The liabilities are managed, evaluated and reported internally on a fair value basis; or
(b) The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise.

A description of the basis of each designation is set out in relevant notes for the asset or liability class.

(xiii) Sale and repurchase agreements
Securities sold subject to repurchase agreements ('repos') are disclosed in the notes to the Group consolidated financial statements when the transferee has the right by contract or custom to sell or re-pledge the collateral; the counterparty liability is included as a separate deposit. Securities purchased under agreements to resell ('reverse repos') are recorded as financing receivables to either banks or customers, as appropriate. The difference between sale and repurchase price is treated as profit and accrued over the life of the agreements using the effective profit method.

(k) Cash and cash equivalents
'Cash and cash equivalents' include notes and coins on hand, unrestricted balances held with Central Banks and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an 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 amortized cost in the consolidated statement of financial position.

(l) Islamic derivatives held for risk management purposes and hedge accounting
The Group follows a hedge accounting model that aligns hedge accounting more closely with risk management. The model measures hedge effectiveness through an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship.

The Group also performs rebalancing of hedging relationships, whereby, if a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio under IFRS 9, but the risk management objective for that designated hedging relationship remains the same, the Group shall adjust the hedge ratio of the hedging relationship so that it meets the qualifying criteria again.

Gains and losses arising from changes in the fair value of Islamic derivatives that are not the hedging instrument in a qualifying hedge are recognised as they arise in profit or loss. Gains and losses are recorded in 'income from trading activities' except for gains and losses on those Islamic derivatives that are managed together with financial instruments designated at fair value; these gains and losses are included in 'other operating income'.

The Group utilises Shariah compliant hedging instruments to satisfy the requirements of its customers, for proprietary trading purposes and to hedge its own exposure to profit rates and currency risk.

Where there is a hedging relationship between an Islamic derivative instrument and a related item being hedged, the hedging instrument is measured at fair value, with any resultant gains and losses being accounted as set out below.

The fair value of Islamic derivative hedging instruments is calculated in the same way as the fair value of financial instruments.

The method of recognising the resulting fair value gain or loss depends on whether the Islamic derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain Islamic derivatives as either:
- Hedges of the exposure to changes in fair value of recognised assets or liabilities or firm commitments (fair value hedge);
- Hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge); or
- Hedge of net investment in a foreign operation.

Hedge accounting is used for Islamic derivatives designated in this way provided certain criteria are met.

(i) Fair value hedge
When an Islamic derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognised asset or liability or a firm commitment that could affect profit or loss, changes in the fair value of the Islamic derivative are recognised immediately in profit or loss together with changes in the fair value of the hedged item that are attributable to the hedged risk.

When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognised asset or liability or a firm commitment that could affect profit or loss, changes in the fair value of the derivative are recognised immediately in profit or loss together with changes in the fair value of the hedged item that are attributable to the hedged risk.

If the hedging Islamic derivative expires or is terminated, or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. Any adjustment up to that point to a hedged item for which the effective profit method is used, is amortised to profit or loss as part of the recalculated effective profit rate of the item over its remaining life.

(ii) Cash flow hedge
When an Islamic derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of Islamic derivative is recognised in other comprehensive income within 'Cash flow hedges – fair value gains / (losses)'. Any gain or loss in fair value relating to an ineffective portion is recognised immediately in the Group consolidated statement of income.

The accumulated gains and losses recognised in other comprehensive income are reclassified to the Group consolidated statement of income in the periods in which the hedged item will affect profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income are removed from equity and included in the initial measurement of the cost of the asset or liability.

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2024

6 Material accounting policies (continued)
(l) Islamic derivatives held for risk management purposes and hedge accounting (continued)
(ii) Cash flow hedge (continued)
When a hedging instrument expires or when a hedge no longer meets the criteria for hedge accounting or the hedge designation is revoked, then hedge accounting is discontinued prospectively, and any cumulative gain or loss recognised in other comprehensive income at that time remains in equity until the forecast transaction is eventually recognised in the Group consolidated statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in other comprehensive income is immediately reclassified to the Group consolidated statement of income.

(iii) Net investment hedges
When an Islamic derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of changes in the fair value of the hedging instrument is recognised in other comprehensive income and accumulated in the translation reserve. Any ineffective portion of the changes in the fair value of the Islamic derivative is recognised immediately in Group consolidated statement of income. The amount recognised in other comprehensive income is reclassified to the Group consolidated statement of income as an adjustment on disposal of the foreign operation.

(iv) Islamic derivatives that do not qualify for hedge accounting
Certain Islamic derivative financial instruments do not qualify for hedge accounting. Such Islamic derivative financial instruments include foreign exchange contracts, profit rate swaps and Shariah compliant foreign exchange options. Islamic derivative financial instruments are initially measured at cost, being the fair value at contract date, and are subsequently re-measured at fair value. All Islamic derivatives are carried at their fair values as assets where the fair values are positives and as liabilities where the fair values are negative. Islamic derivative assets and liabilities arising from different transactions are only offset if the transactions are with the same counterparty, a legal right to setoff exists, and the parties intend to settle the cash flows on a net basis.

Islamic derivative fair values are determined from quoted prices in active markets where available. Where there is no active market for an instrument, fair value is derived from prices for the Islamic derivative's components using recognized pricing or valuation models as appropriate.

(v) Embedded Islamic derivatives
Islamic derivatives embedded in financial assets, liabilities and non-financial host contacts, are treated as separate Islamic derivatives and recorded at fair value if they meet the definition of an Islamic derivative, their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself held for trading or designated at FVTPL. The embedded Islamic derivatives separated from the host are carried at fair value in the trading portfolio with changes in fair value recognised in the Group consolidated statement of income.

(m) Property, equipment and depreciation
Property and equipment are stated at cost less accumulated depreciation and accumulated impairment if any. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or are 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 repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

Freehold land and fixed assets not commissioned are not depreciated. The estimated useful life of fixed assets for the Group is as follows:

Freehold premises	25 – 60 years
Freehold improvements	10 years
Leasehold improvements	7 years
Furniture, fixtures and office equipment	5 years
Computer hardware and software	4 – 5 years
Core banking software	5 – 7 years
Motor vehicles	3 – 5 years

Assets are depreciated on a straight-line basis over their estimated useful lives as given above.

Fixed assets not commissioned are stated at cost. When commissioned, they are transferred to the appropriate property and equipment category and depreciated in accordance with the Group's policies.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Group consolidated statement of income.

(n) Investment properties
The Group holds certain properties as investments to earn rental income, for capital appreciation, or both. Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at cost less depreciation and accumulated impairment (if any).

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of income in 'other operating income' in the year of retirement or disposal.

Transfers to and from investment properties are made only when there is a change in use based on the business model.

(o) Intangible assets
(i) Capitalised software
Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in the Group consolidated statement of income on a straight-line basis over the estimated useful life of the software, from the date that it is available for use.

(ii) Other intangible assets
Intangibles acquired separately are measured on initial recognition at cost. The cost of the intangibles acquired in a business combination is at fair value as at the date of acquisition. Following initial recognition, intangibles are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible asset are assessed to be either finite or indefinite. Intangibles with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangibles may be impaired. The amortisation period and amortisation method for intangibles with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in an accounting estimate. The amortisation expense on intangibles with finite lives is recognised in the Group consolidated income statement in the expense category consistent with the function of the intangibles.

(p) Impairment of non financial assets
The carrying amounts of the Group's non-financial assets are reviewed periodically to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the consolidated statement of income. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of other assets in the unit (group or units) on a pro rata basis.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(q) Deposits, financing receivables and sukuks issued
Deposits, financing receivables and sukuks issued are the main sources of funding for the Group.

Deposits, financing receivables and sukuks issued are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective profit method.

(r) Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive), as a result of past events, and it is probable (more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2024

6 Material accounting policies (continued)
(s) Employee benefits
(i) Pension obligations
The Group operates a pension scheme in respect of eligible UAE national employees in compliance with the UAE Federal Law on Pensions and Social Security. Arrangements for benefits for overseas employees is made in accordance with local regulations and customs. Full provision is made for all accrued benefits.

The Group also pays contributions to trustee administered funds on a contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period.

(ii) Termination gratuity benefit scheme
In compliance with UAE labour law, the Group has a termination gratuity benefit scheme covering all of its expatriate salaried employees who have been employed with the Group for more than one year. The provision for gratuity is recorded through the consolidated statement of income.

The present value of the gratuity obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for gratuities include the discount rate. Any changes in these assumptions will impact the carrying amount of gratuity obligations. The value of the gratuity obligations is based on the report submitted by an independent actuarial firm.

(t) Dividend on shares
Dividends on shares are recognised as a liability and deducted from equity when they are approved by the Group's shareholders in the Annual General Meeting.

(u) Share capital and reserves
Share issue costs
Incremental costs that are directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

(v) Earnings per share
The Group presents basic and diluted Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss for the year by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the weighted average number of ordinary shares outstanding for the effects of potential ordinary shares, if any.

(w) Operating segments
For management purposes, the Group is organised into operating segments based on their products, services and certain subsidiaries which are independently managed by the respective segment managers responsible for the performance of the segments under their charge.

The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 28.

(x) Related parties
A party is considered to be related to the Group if:
(a) the party, directly or indirectly through one or more intermediaries,
  (i) controls, is controlled by, or is under common control with, the Group;
  (ii) has any interest in the Group that gives it significant influence over the Group; or
  (iii) has joint control over the Group;
(b) the party is an associate;
(c) the party is a jointly-controlled entity;
(d) the party is a member of the key management personnel of the Group;
(e) the party is a close member of the family of any individual referred to in (a) or (d); or
(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
(g) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

(y) Profit distribution
Profit distribution between the unrestricted account holders (investment, saving and Wakala accounts) and the Shareholders, is according to the instructions of the Bank's Internal Shariah Supervision Committee.

Net income realised from Mudaraba Pool, at the end of each quarter, represents the net profit available for distribution. Net profit available for distribution between unrestricted account holders and shareholders is calculated after deducting the Mudarib share as per the agreed and declared percentage.

Profit Distribution is on a pro rata-basis of the weighted average balances of unrestricted customers' accounts and Shareholders' funds. No priority is given to either party in the Mudaraba Pool.

(z) Zakat
The Bank discharges Zakat (Alms) as per its Articles of Association. The Bank calculates Zakat based on the guidance of its Internal Shariah Supervision Committee as follows:

- Zakat is calculated as per the Net Investment Asset method.
- Zakat is disbursed to Shariah channels through a committee formed by the management in line with ISSC guidance.

(aa) Profit equalisation reserve
Profit equalisation reserves are amounts appropriated out of the common mudaraba pool's income, before allocating the mudarib share, in order to maintain a certain level of return on investments for all the investment account holders and other investors in the common mudaraba pool.

(ab) Depositors' investment risk reserve
Depositors' investment risk reserve represents a portion of the depositors' share of profits set aside as a reserve. This reserve is payable to the depositors upon the approval of the Bank's Internal Shariah Supervision Committee. Zakat on depositors' investment risk reserve is included under Zakat payable and is deducted from the depositors' investment risk reserve balance. The purpose of the investment risk reserve is to allocate a specified percentage of the total depositors' profit on a periodic basis, with the aim of using these funds to compensate any future losses.

(ac) Revenue recognition
Revenue is recognized when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group also operates a rewards programme which allows customers to accumulate points when they purchase products on the Group's credit cards. The points can then be redeemed for shopping rewards, cash back or air miles, subject to a minimum number of points being obtained.

(ad) Income taxes and deferred taxation
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Bank and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be settled with the tax authorities.

Deferred tax is accounted for using the asset and liability method. Deferred tax assets and liabilities are recognised for the full tax consequences of all temporary differences between the Group consolidated financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Recognition of deferred tax assets are, however, restricted to the extent that it is probable that sufficient taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets and liabilities are measured using tax rates that are expected to apply to the period in which the asset is expected to be realised or the liability is expected to be settled.

Deferred tax assets are reviewed periodically to reduce the carrying amount by the extent to which it is no longer probable that sufficient taxable profits will be available to utilise the differences.

Deferred tax assets and liabilities are off set when there is a legally enforceable right to set off current tax asset against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and current tax liabilities on a net basis.

Notes to the Group Consolidated Financial Statements continued
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7 Standards issued but not yet adopted

Certain new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2024, with the Group not opting for early adoption.

New and revised IFRSs	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 The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.	1 January 2025
Amendments to IFRS 9 and IFRS 7 The amendments address matters identified during the post implementation review of the classification and measurement requirements of IFRS 9.	1 January 2026
IFRS 18 Presentation and Disclosures in Financial Statements IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.	1 January 2027
IFRS 19 Subsidiaries without Public Accountability IFRS 19 specifies the permitted disclosure requirements for an eligible subsidiary to apply instead of the disclosure requirements in other IFRS Accounting Standards.	1 January 2027

The Group anticipates that these new standards, interpretations, and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of the Group in the period of initial application.

8 Cash and deposits with the central bank of the UAE

	2024 AED 000	2023 AED 000
Cash	1,170,581	902,981
Statutory and other deposits with the Central Bank of the UAE	8,257,405	6,542,899
Murabaha with the Central Bank of the UAE	5,246,541	7,535,261
	14,674,527	14,981,141

The reserve requirements which are kept with the Central Bank of the UAE are not available for use in the Group's day to day operations and cannot be withdrawn without the approval of the Central Bank. The level of reserves required changes periodically in accordance with the directives of the Central Bank of the UAE.

9 Due from banks

	Local (UAE) AED 000	Foreign AED 000	Total AED 000
31 December 2024			
Time	3,564,496	6,072,741	9,637,237
Overnight, call and short notice	223,217	190,227	413,444
Gross due from banks	3,787,713	6,262,968	10,050,681
Less: Expected credit losses			(22,221)
			10,028,460

	Local (UAE) AED 000	Foreign AED 000	Total AED 000
31 December 2023			
Time	1,651,631	4,102,790	5,754,421
Overnight, call and short notice	6,090	384,666	390,756
Gross due from banks	1,657,721	4,487,456	6,145,177
Less: Expected credit losses			(14,023)
			6,131,154

10 Investment securities

	Domestic* AED 000	Regional** AED 000	International*** AED 000	Total AED 000
31 December 2024				
Designated as at FVTPL				
Equity	–	62,775	–	62,775
	–	62,775	–	62,775
Measured at amortised cost				
Government Sukuk	2,274,651	1,548,421	537,959	4,361,031
Corporate Sukuk	1,217,488	2,079,503	396,600	3,693,591
	3,492,139	3,627,924	934,559	8,054,622
Less: Expected credit losses				(5,214)
				8,049,408
Measured at FVOCI				
Government Sukuk	–	–	455,522	455,522
Corporate Sukuk	2,292,780	1,071,707	1,539,922	4,904,409
	2,292,780	1,071,707	1,995,444	5,359,931
Less: Expected credit losses				(8,541)
				5,351,390
Gross investment securities	5,784,919	4,762,406	2,930,003	13,477,328
Net investment securities				13,463,573

As at 31 December 2024, the fair value of investment securities measured at amortized cost amounted to AED 7,976 million (31 December 2023: AED 4,526 million).

Investment securities with the carrying amount of AED 447 million (31 December 2023: AED 345 million) and fair value of AED 447 million (31 December 2023: AED 335 million) were collateralised for obligations under due to banks (refer note 13).

	Domestic* AED 000	Regional** AED 000	International*** AED 000	Total AED 000
31 December 2023				
Designated as at FVTPL				
Equity	–	64,172	–	64,172
	–	64,172	–	64,172
Measured at amortised cost				
Government Sukuk	1,145,290	1,242,179	262,834	2,650,303
Corporate Sukuk	794,031	404,133	669,308	1,867,472
	1,939,321	1,646,312	932,142	4,517,775
Less: Expected credit losses				(4,715)
				4,513,060
Measured at FVOCI				
Government Sukuk	–	80,579	460,316	540,895
Corporate Sukuk	2,563,407	1,050,027	1,716,716	5,330,150
	2,563,407	1,130,606	2,177,032	5,871,045
Less: Expected credit losses				(18,615)
				5,852,430
Gross investment securities	4,502,728	2,841,090	3,109,174	10,452,992
Net investment securities				10,429,662

*Domestic: These are securities issued within the UAE.
**Regional: These are securities issued within the Middle East.
***International: These are securities issued outside the Middle East.

Notes to the Group Consolidated Financial Statements continued
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11 Financing receivables

	2024 AED 000	2023 AED 000
At Amortised Cost		
Murabaha	**51,169,818**	37,048,788
Credit cards receivable	**3,683,292**	2,876,335
Wakala murabaha	**1,381,161**	359,983
Istisna'a	**1,750,710**	1,689,745
Ijara	**20,214,989**	18,270,242
Others	**189,716**	14,548
	78,389,686	60,259,641
Less: Deferred income	**(3,213,965)**	(1,660,758)
Gross financing receivables	**75,175,721**	58,598,883
Less: Expected credit losses	**(4,695,866)**	(4,851,146)
Net financing receivables	**70,479,855**	53,747,737
Total of impaired gross financing receivables	**3,300,175**	3,682,118

	2024 AED 000	2023 AED 000
By Business Units		
Retail banking	**30,724,542**	22,265,033
Corporate banking	**44,451,179**	36,333,850
	75,175,721	58,598,883

Ijara assets amounting to AED 5.2 billion (2023: AED 2.9 billion) were securitised for the purpose of issuance of Sukuk liability (refer note 15).

Allowances of impairment on financing receivables have been disclosed in further detail in note 36 I.

12 Other assets

	2024 AED 000	2023 AED 000
Profit receivable	**196,329**	145,725
Prepayments and other advances	**228,453**	166,050
Deferred sales commission	**30,318**	23,269
Goods available-for-sale	**44,550**	41,574
Others	**586,864**	469,058
	1,086,514	845,676

13 Due to banks

	2024 AED 000	2023 AED 000
Demand and call deposits	**438,667**	543,161
Repurchase agreements with banks	**434,713**	327,121
Time and other deposits	**5,010,145**	4,922,093
	5,883,525	5,792,375

The profit paid on the above averaged 3.87% p.a. (2023: 3.89% p.a).

14 Customer deposits

	2024 AED 000	2023 AED 000
By Type		
Demand, call and short notice	**34,403,679**	29,495,837
Wakala investments	**21,624,651**	13,330,344
Time deposits	**1,433,985**	1,514,051
Savings	**18,715,571**	16,557,979
Others*	**607,044**	416,704
	76,784,930	61,314,915

*Including Depositors' investment risk reserve amounting to AED 23.5 million (2023: AED 13.6 million).

Movement in depositors' investment risk reserve is as follows.

	2024 AED 000	2023 AED 000
Balance as at 1 January	**13,603**	2,724
Profit earned on reserve balance	**–**	–
Transfer	**10,516**	11,239
Zakat	**(623)**	(360)
Balance as at 31 December	**23,496**	13,603

By Business Units	2024 AED 000	2023 AED 000
Corporate banking	**19,122,106**	11,444,545
Retail banking	**57,662,824**	49,870,370
	76,784,930	61,314,915

The profit rates paid on the above deposits averaged 1.52% p.a. (2023: 1.26% p.a.).

15 Sukuk payable and other medium term financing

	31 December 2024 AED 000	31 December 2023 AED 000
Sukuk payable (note 15.1)	**7,426,875**	4,672,500
Other medium term financing *	**1,836,250**	–
	9,263,125	4,672,500

	2024 AED 000	2023 AED 000
Balance as at 1 January	**4,672,500**	3,672,500
Issuances	**4,590,625**	1,000,000
Balance as at 31 December	**9,263,125**	4,672,500

* During the year, the Group arranged funding of USD 500 million under a Shariah compliant financing arrangement maturing in March 2027.

Notes to the Group Consolidated Financial Statements continued
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15 Sukuk payable and other medium term financing (continued)
As at 31 December 2024, the outstanding Sukuk payable and other medium term financing totalling AED 9,263 million (31 December 2023: AED 4,673 million) is falling due as below:

	2024 AED 000	2023 AED 000
2025	**1,836,250**	1,836,250
2026	**2,836,250**	2,836,250
2027	**1,836,250**	–
2029	**2,754,375**	–
	9,263,125	4,672,500

15.1) During 2024, the Group issued Sukuk amounting to AED 2.8 billion to raise USD denominated senior unsecured sustainability medium term finance via a Shariah compliant sukuk financing arrangement.

During 2023, the Group issued Sukuk amounting to AED 1 billion to raise AED denominated medium term finance via a Shariah compliant sukuk financing arrangement.

In years 2020 and 2021, Group had issued AED 3.7 billion to raise USD denominated medium term finance via a Shariah compliant sukuk financing arrangement.

Following are the details of all the sukuk financing arrangement in issue.

Issue Date	Amount	Listing	Profit rate (%)	Payment basis	Maturity
September 2020	USD 500,000,000	Irish Stock Exchange & Nasdaq	1.827	Semi annual	September 2025
October 2021	USD 500,000,000	Irish Stock Exchange & Nasdaq	2.082	Semi annual	November 2026
February 2023	AED 1,000,000,000	Nasdaq	5.05	Semi annual	February 2026
May 2024	USD 750,000,000	Irish Stock Exchange & Nasdaq	5.431	Semi annual	May 2029

The Bank transferred certain identified Ijara assets totalling to AED 5.2 billion (the "co-owned assets") to its subsidiary, EIB Sukuk company limited – (the "Issuer"), a special purpose vehicle formed for the issuance of these sukuk. The Bank has further entered a Murabaha agreement with EIB Sukuk Company Limited for an amount of AED 2.5 billion. This medium term financing is carried at amortised cost.

In substance, the co-owned assets remain in control of the Group. Accordingly, these assets continue to be recognised by the Group. In case of any default, the Group has provided an undertaking to make good all losses to the Sukuk holders. The assets are in the control of the Group and shall continue to be serviced by the Group.

The Issuer will pay a semi-annual distribution amount from returns received in respect of the co-owned assets. Such proceeds are expected to be sufficient to cover the semi-annual distribution amount payable to the Sukuk holders on the semi-annual distribution dates. Upon maturity of the sukuk, the Group has undertaken to repurchase the assets at the exercise price.

16 Other liabilities

	2024 AED 000	2023 AED 000
Profit payable to depositors	**481,117**	301,577
Staff related liabilities	**232,428**	194,036
Managers' cheques	**449,678**	612,105
Trade and other payables	**533,068**	342,530
Zakat payable	**15,917**	20,992
Provision for taxation	**277,650**	–
Deferred tax liabilities	**8,215**	–
Others	**2,000,894**	1,902,063
	3,998,967	3,373,303

17 Issued capital and share premium reserve

	2024 AED 000	2023 AED 000
Authorized Share Capital 10,000,000,000 (2023: 10,000,000,000) ordinary shares of AED 1 each (2023: AED 1 each)	**10,000,000**	10,000,000
Issued and fully paid up capital 5,430,421,875 (2023: 5,430,421,875) ordinary shares of AED 1 each (2023: AED 1 each)	**5,430,422**	5,430,422

18 Reserves
Legal and statutory reserve
In accordance with the Bank's Articles of Association, and in compliance with Decretal Federal Law No. (14) of 2018, a minimum of 10% of profit should be transferred to a non-distributable legal and statutory reserve until such time as this reserve equals 50% of the Bank's issued capital.

Other reserve
10% of the profit is also transferable to a non-distributable regular reserve until such time as this reserve equals 10% of the Bank's issued capital. Since the regular reserve is equal to 10% of the Bank's issued capital, profit was not appropriated to the regular reserve during the year.

	Legal and statutory reserve AED 000	Other reserves AED 000	Total AED 000
At 1 January 2024	**1,027,161**	543,043	1,570,204
Transfer from retained earnings*	**281,026**	–	281,026
At 31 December 2024	**1,308,187**	543,043	1,851,230

*Prior year comparatives are shown in the consolidated statement of changes in equity.

Fair value reserve
Fair value reserve includes the net change in fair value of FVOCI financial assets and the net effective portion of changes in fair value of cash flow hedges.

19 Income from financing and investment products

	2024 AED 000	2023 AED 000
Financing receivables		
- Murabaha	**3,135,332**	2,502,059
- Ijara	**1,189,322**	1,121,916
- Istisna'a	**102,312**	85,117
Investment securities measured at FVOCI	**198,095**	213,015
Investment securities measured at amortised cost	**302,648**	120,338
Others	**851,517**	622,448
	5,779,226	4,664,893

20 Distribution on deposits and profit paid to sukuk holders

	2024 AED 000	2023 AED 000
Distribution to depositors	**1,078,458**	751,404
Profit paid on account of sukuk and other medium term financing	**298,319**	118,899
Profit paid on due to banks	**105,981**	73,229
Others	**66,695**	7,384
	1,549,453	950,916

Distribution on deposits represents the share of income between depositors and equity holders. The allocation and distribution to depositors is approved by the Internal Shariah Supervision Committee.

During the years 2024 and 2023, the Bank, in its capacity as Mudarib, has not relinquished any part of its profit share to the benefit of account holders.

Profit paid to sukuk holders represents the distribution of returns received in respect of assets transferred to the EIB Sukuk Company Limited which was specifically formed for this transaction.

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21 Fee and commission income

	2024 AED 000	2023 AED 000
Commission income	**79,034**	82,041
Fee income	**1,047,914**	855,037
	1,126,948	937,078

22 Other operating income

	2024 AED 000	2023 AED 000
Dividend income on equity investments designated at FVTPL	**3,168**	29
Gain from sale of investment securities measured at FVOCI	**98**	37
Gain / (loss) from investment securities designated at FVTPL	**(1,397)**	27,774
Rental income (net of depreciation)	**9,151**	4,920
Gain / (loss) on sale of investment properties	**(1,077)**	9,921
Foreign exchange and Islamic derivative income / (loss)*	**585,915**	499,720
Other income (net)	**17,405**	27,052
	613,263	569,453

*Foreign exchange income comprises translation gain and gain on dealings with customers.

23 General and administrative expenses

	2024 AED 000	2023 AED 000
Staff cost	**758,873**	676,420
Occupancy cost	**29,296**	30,390
Equipment and supplies	**27,456**	27,993
Recharges from group companies	**560,029**	437,826
Communication cost	**39,862**	49,161
Marketing related expenses	**25,317**	23,884
Depreciation	**91,749**	88,573
Others	**112,102**	437,119
	1,644,684	1,771,366

24 Net impairment loss / (reversal) on financial assets

The charge to the income statement for the net impairment loss / (reversal) on financial assets is made up as follows:

	2024 AED 000	2023 AED 000
Net impairment of due from banks	**8,198**	4,923
Net impairment of investment securities	**(9,576)**	(6,548)
Net impairment of financing receivables (refer note 36 I)	**921,323**	1,072,701
Net impairment of unfunded exposures	**50,981**	140,034
Bad financing written off / (recovery) - net	**(299,098)**	(216,472)
	671,828	994,638

25 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 has become effective for accounting periods beginning on or after 1 June 2023.

As the Group's accounting year ends on 31 December, the first tax period will be 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 is subject to 9% CT rate. The Group is part of a group that is in scope of Pillar Two (i.e. exceeding the revenue threshold of EUR 750 million and operating in multiple jurisdictions). The Group Holding Company is in process of assessing its potential exposure to Pillar Two income taxes.

The Group's UAE operations will be subject to Pillar Two effective 1 January 2025. The effective tax rate is expected to be 15% on profits earned in the UAE (9% in 2024).

The amendments to IAS 12 introduce a temporary mandatory relief from accounting for deferred tax that arises from legislation implementing Pillar Two. The Group has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The tax charge for year ended 31 December 2024 is AED 278 million, representing Group effective tax rate of 8.99%.

A. Reconciliation of effective tax rate

	2024 AED 000
Profit before tax	**3,087,910**
Domestic tax (9%)	**277,912**
Tax effect of:	
Income not taxable	**(373)**
Non-deductible expenses	**147**
Others	**(36)**
	277,650

26 Directors' fees

This comprises of fees payable to the directors of the Group of AED 7 million (2023: AED 7 million).

27 Earnings per share

The Group presents basic and diluted Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss for the year by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the weighted average number of ordinary shares outstanding for the effects of all potential ordinary shares, if any.

	2024	2023
Net profit for the year (AED '000)	**2,810,260**	2,121,215
Weighted average number of ordinary shares in issue ('000)	**5,430,422**	5,430,422
Earnings per share* (AED)	**0.518**	0.391

*The diluted and basic EPS were the same at the year end.

28 Islamic derivatives financial instruments

The table below shows the positive and negative fair values of Islamic derivative financial instruments, which are equivalent to the market values, together with the notional amounts analysed by the term to maturity. The notional amount is the amount of an Islamic derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of Islamic derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year end and are neither indicative of the market risk nor credit risk.

31 December 2024	Positive fair value AED 000	Negative fair value AED 000	Notional amount AED 000	Within 3 months AED 000	Over 3 months to 1 year AED 000	Over 1 year to 3 years AED 000	Over 3 years to 5 years AED 000	Over 5 years AED 000
Islamic Derivative financial instruments:								
Forward foreign exchange contracts	**1,511**	**(1,162)**	**3,808,261**	**1,718,071**	**1,790,235**	**–**	**–**	**299,955**
Foreign exchange options	**2,591**	**(2,665)**	**217,538**	**85,870**	**97,320**	**34,348**	**–**	**–**
Profit rate swaps/caps	**138,348**	**(146,193)**	**18,100,015**	**1,092,658**	**552,849**	**9,501,274**	**4,614,531**	**2,338,703**
	142,450	**(150,020)**	**22,125,814**	**2,896,599**	**2,440,404**	**9,535,622**	**4,614,531**	**2,638,658**
Islamic Derivatives held as cash flow hedge:								
Profit rate swaps/caps	**14,497**	**–**	**1,525,000**	**–**	**–**	**1,525,000**	**–**	**–**
Total	**156,947**	**(150,020)**	**23,650,814**	**2,896,599**	**2,440,404**	**11,060,622**	**4,614,531**	**2,638,658**

Notes to the Group Consolidated Financial Statements continued
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28 Islamic derivatives financial instruments (continued)

31 December 2023	Positive fair value AED 000	Negative fair value AED 000	Notional amount AED 000	Within 3 months AED 000	Over 3 months to 1 year AED 000	Over 1 year to 3 years AED 000	Over 3 years to 5 years AED 000	Over 5 years AED 000
Islamic Derivative financial instruments:								
Forward foreign exchange contracts	4,352	(374)	4,394,720	2,322,152	2,072,568	–	–	–
Foreign exchange options	4,587	(4,711)	654,206	105,792	317,375	231,039	–	–
Profit rate swaps/caps	170,248	(173,311)	11,863,935	–	1,101,228	5,279,226	2,965,090	2,518,391
	179,187	(178,396)	16,912,861	2,427,944	3,491,171	5,510,265	2,965,090	2,518,391
Islamic Derivatives held as cash flow hedge:								
Profit rate swaps/caps	4,986	–	300,000	–	–	300,000	–	–
Total	184,173	(178,396)	17,212,861	2,427,944	3,491,171	5,810,265	2,965,090	2,518,391

Islamic derivative related credit risk
Credit risk in respect of Islamic derivative financial instruments arises from the potential for a counterparty to default on its contractual obligations and is limited to the positive fair value of instruments that are favourable to the Group and potential future fluctuations. All credit exposure is managed under approved facilities and in certain cases collateralised. The Group takes a Credit Value Adjustment (CVA) on outstanding derivative transactions. The methodology for CVA calculation relies on three components: the probability of default of the counterparty, the expected positive exposure and the recovery rate. CVA is computed on all asset classes including Foreign Exchange and Profit Rates.

Islamic derivatives designated at FVTPL
Most of the Group's Islamic derivative activities relate to sales and position coverage. Sales activities involve offering products to customers at competitive prices in order to enable them to transfer, modify or reduce current and expected risks.

Profit rate derivatives activities are conducted under Board approved limits.

Islamic derivatives held or issued for hedging purposes
As part of its asset and liability management, the Group uses Islamic derivatives for hedging purposes in order to reduce its exposure to currency and profit rate risks. This is achieved by hedging specific financial instruments and forecasted transactions as well as strategic hedging against overall balance sheet exposures.

The Group designates its Islamic derivatives held or issued for hedging purposes as:
- Fair value hedges: Hedges of the fair value of recognised assets or liabilities or firm commitments;
- Cash flow hedges: Hedges of highly probable future cash flows attributable to a recognised asset or liability, or a highly probable forecast transaction; and
- Net investment hedges: Hedges of net investments in foreign operations.

Further, in terms of the hedging transactions carried out by the Group, the Group documents:
- At the inception of the transaction, the relationship between hedging instruments and hedged items, the risk being hedged and the Group's risk management objective and strategy for undertaking a hedge transaction.
- The manner in which effectiveness will be measured throughout the life of the hedge relationship.

At the end of period, no derivatives are designated for hedging purposes as "Fair value hedge" or "Net investment hedge".

The Group's assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Hedge effectiveness is measured by the Group on a prospective basis at inception, as well as retrospectively (where applicable) and prospectively over the term of the hedge relationship. Sources of ineffectiveness in hedge accounting include the impact of Islamic derivative related credit risk on the valuation of the hedging Islamic derivative and hedged item. To mitigate this credit risk, the Group executes hedging Islamic derivatives with high quality counterparties and the majority of the Group's hedging Islamic derivatives are collateralised.

Fair value hedges:
The Group uses profit rate swaps to hedge against changes in value of investment securities due to profit rate movements. These are designated by the Group as fair value hedges and, therefore the fair value hedge accounting is applied to hedge movements in the value of fixed profit rate assets and liabilities subject to profit rate risk, as well as assets and liabilities subject to foreign exchange risk.

Subsequent to initial designation, changes in the fair value of Islamic derivatives designated as fair value hedges are accounted for in the 'other operating income', along with any changes in the fair value of the hedged asset or liability attributable to the hedged risk.

Cash flow hedges:
The Group uses profit rate swaps and forward rate agreements to hedge against the cash flow risks arising on certain floating rate customer deposits and medium-term financings. Profit rate swaps are also used to hedge against the cash flow risks arising on certain floating rate facilities and receivables. These are designated by the Group as cash flow hedges, and, as such, the Group applies cash flow hedge accounting to hedge the variability in highly probable forecast future cash flows attributable to profit rate risk on variable rate assets and liabilities, and assets and liabilities subject to foreign exchange risk.

The effective portion of changes in the fair value of Islamic derivatives designated as cash flow hedges are recognised in the fair value reserve within equity. Any gain or loss relating to the ineffective portion is recognised immediately in the Group consolidated statement of income.

29 Operating segments
The Group's activities comprise the following main business segments:

Corporate and institutional banking
Within this business segment, the Bank provides to corporate customers a range of products and services and accepts their deposits.

Retail banking and wealth management
Retail segment provides a wide range of products and services to individuals and small and medium enterprises and accepts their deposits.

Treasury
Treasury activities comprises of managing the Group's portfolio of investments, funds management, and interbank treasury operations, and brokerage services.

Others
Other operations of the Group include operations and support functions.

31 December 2024	Corporate and institutional banking AED 000	Retail banking and wealth management AED 000	Treasury AED 000	Others AED 000	Total AED 000
Net income from financing and investment products	**830,792**	**2,475,507**	**266,377**	**657,097**	**4,229,773**
Net fees, commission & other income	**200,085**	**923,316**	**2,208**	**8,678**	**1,134,287**
Total operating income	**1,030,877**	**3,398,823**	**268,585**	**665,775**	**5,364,060**
General administrative and other expenses	**(87,210)**	**(1,209,834)**	**(27,756)**	**(319,884)**	**(1,644,684)**
Net impairment loss	**(196,705)**	**(484,151)**	**9,146**	**40,244**	**(631,466)**
Profit for the year before taxation	**746,962**	**1,704,838**	**249,975**	**386,135**	**3,087,910**
Segment Assets	**39,695,947**	**50,832,782**	**20,650,021**	**(50,077)**	**111,128,673**
Segment Liabilities and Equity	**22,270,112**	**60,679,483**	**2,800,732**	**25,378,346**	**111,128,673**

31 December 2023	Corporate and institutional banking AED 000	Retail banking and wealth management AED 000	Treasury AED 000	Others AED 000	Total AED 000
Net income from financing and investment products	651,496	2,150,596	376,856	535,029	3,713,977
Net fees, commission & other income	179,691	822,304	35,780	13,819	1,051,594
Total operating income	831,187	2,972,900	412,636	548,848	4,765,571
General administrative and other expenses	(90,221)	(1,009,377)	(23,393)	(648,375)	(1,771,366)
Net impairment loss	(126,668)	(876,420)	6,282	123,816	(872,990)
Profit for the year before taxation	614,298	1,087,103	395,525	24,289	2,121,215
Segment Assets	27,305,137	41,522,562	18,966,447	17,585	87,811,731
Segment Liabilities and Equity	14,486,859	52,638,886	2,848,117	17,837,869	87,811,731

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2024

30 Commitments and contingencies
The Group's commitments and contingencies are as follows:

	2024 AED 000	2023 AED 000
Letters of credit	**604,169**	563,001
Guarantees	**8,661,048**	6,578,967
Liability on risk participations	**30,265**	10,781
Irrevocable financing commitments*	**2,367,784**	2,795,524
	11,663,266	9,948,273

*Irrevocable financing commitments represent a contractual commitment to permit draw downs on a facility within a defined period subject to conditions precedent and termination clauses. Since commitments may expire without being drawn down, and as conditions precedent to draw down have to be fulfilled the total contract amounts do not necessarily represent exact future cash requirements.

The table below summarizes the stage wise balances of unfunded exposures and customer acceptances and ECL thereon:

	31 December 2024			31 December 2023		
AED 000	**Stage 1**	**Stage 2**	**Stage 3**	Stage 1	Stage 2	Stage 3
Exposure	**11,982,304**	**172,185**	**256,572**	10,665,416	108,557	210,834
Expected credit losses	**46,431**	**9,225**	**256,572**	151,976	7,313	102,050

Unfunded exposure includes guarantees, standby letter of credits, acceptances and irrevocable financing commitments.

(a) Acceptance
Acceptances are recognised on balance sheet with a corresponding liability. Accordingly, there is no off balance sheet commitment for acceptances.

(b) Capital Commitments
The Group has commitments as at 31 December 2024 for branch refurbishments and automation projects of AED 3.1 million (2023: AED 11.2 million).

31 Related party transactions
The Group is owned by Emirates NBD (99.9%), which is partially owned by the Investment Corporation of Dubai (40.92%), an entity which is wholly owned by the Government of Dubai.

Customer accounts from and financing to Government related entities, other than those that have been individually disclosed, amount to 17.2% and 4.8% (2023: 14.2% and 4.2%) of the total customer's deposits and financing receivables of the Group, respectively.

These entities are independently run business entities, and all the financial dealings with the Group are on normal commercial terms.

The Group has also entered into transactions with certain other related parties who are non-government related entities. Such transactions were also made on substantially the same terms, including profit rates and collaterals, as those prevailing at the same time for comparable transactions with third parties and do not involve more than a normal amount of risk.

Key management personnel are those persons, including non-executive directors, having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

No impairment losses have been recorded against balances outstanding during the year with key management personnel and their immediate relations at the year end.

Related party balances and transactions are carried out on normal commercial terms and are as follows:

	2024 AED 000	2023 AED 000
Financing and other receivables		
To parent and related companies	**676,209**	429,743
To directors and related companies	**9,683**	4,240
To key management personnel and affiliates	**3,923**	3,592
	689,815	437,575
Customer deposits and other payables		
From ultimate parent company	**–**	9
From parent and related companies	**3,790,181**	4,578,147
From directors and related companies	**136**	99
From key management personnel and affiliates	**20,404**	18,983
	3,810,721	4,597,238
Investment securities and Islamic derivatives		
Investment in ultimate parent company	**181,988**	186,045
Positive fair value of Islamic derivative - Parent and related companies	**45,190**	67,476
Negative fair value of Islamic derivative - Parent and related companies	**(111,929)**	(116,858)
Notional amount of Islamic derivative - Parent and related companies	**13,832,116**	10,804,699
Group Consolidated Statement of Income		
Recharges from group companies	**(560,029)**	(437,826)
Income from investment in ultimate parent company	**6,436**	6,443
Directors sitting and other fee	**3,682**	3,651
Income on financing receivables		
From parent and related companies	**57,370**	55,114
Distribution on deposits		
To ultimate parent company	**–**	3,911
To parent and related companies	**25,837**	25,800

The total amount of compensation paid to key management personnel of the Group during the year was as follows:

	2024 AED 000	2023 AED 000
Key management compensation		
Short term employee benefits	**29,275**	30,754
Post employment benefits	**969**	1,062

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2024

32 Geographical distribution of assets and liabilities

The Group's financial position, before taking into account any collateral held or other credit enhancement, can be analysed by the following regions:

31 December 2024	UAE AED 000	Other GCC AED 000	International AED 000	Total AED 000
Assets				
Cash and deposits with the Central Bank of the UAE	**14,674,527**	**–**	**–**	**14,674,527**
Due from banks	**3,765,492**	**4,015,850**	**2,247,118**	**10,028,460**
Investment securities	**5,782,011**	**4,760,171**	**2,921,391**	**13,463,573**
Financing receivables	**68,927,626**	**537,841**	**1,014,388**	**70,479,855**
Positive fair value of Islamic derivatives	**156,947**	**–**	**–**	**156,947**
Customer acceptances	**747,795**	**–**	**–**	**747,795**
Investment properties	**170,795**	**–**	**–**	**170,795**
Property and equipment	**320,207**	**–**	**–**	**320,207**
Other assets	**1,086,514**	**–**	**–**	**1,086,514**
Total assets	**95,631,914**	**9,313,862**	**6,182,897**	**111,128,673**
Liabilities				
Due to banks	**4,327,953**	**85,695**	**1,469,877**	**5,883,525**
Customer deposits	**75,792,885**	**318,190**	**673,855**	**76,784,930**
Sukuk payable	**9,263,125**	**–**	**–**	**9,263,125**
Negative fair value of Islamic derivatives	**150,020**	**–**	**–**	**150,020**
Customer acceptances	**747,795**	**–**	**–**	**747,795**
Other liabilities	**3,998,967**	**–**	**–**	**3,998,967**
Total equity	**14,300,311**	**–**	**–**	**14,300,311**
Total liabilities and equity	**108,581,056**	**403,885**	**2,143,732**	**111,128,673**
Geographical distribution of letters of credit and guarantees	**8,950,211**	**252,799**	**62,207**	**9,265,217**

31 December 2023				
Geographical distribution of assets	75,932,452	5,842,447	6,036,832	87,811,731
Geographical distribution of liabilities and equity	85,751,682	427,829	1,632,220	87,811,731
Geographical distribution of letters of credit and guarantees	6,390,411	151,449	600,108	7,141,968

33 Financial assets and liabilities

A. Classification of financial assets and financial liabilities

The table below sets out the Group's classification of each class of financial assets and liabilities, and their carrying values.

31 December 2024	FVTPL AED 000	FVOCI AED 000	Amortised cost* AED 000	Hedging instruments AED 000	Total carrying AED 000
Financial assets					
Cash and deposits with the Central Bank of the UAE	**–**	**–**	**14,674,527**	**–**	**14,674,527**
Due from banks	**–**	**–**	**10,028,460**	**–**	**10,028,460**
Investment securities	**62,775**	**5,351,390**	**8,049,408**	**–**	**13,463,573**
Financing receivables	**–**	**–**	**70,479,855**	**–**	**70,479,855**
Positive fair value of Islamic derivatives	**142,450**	**–**	**–**	**14,497**	**156,947**
Others	**–**	**–**	**1,530,988**	**–**	**1,530,988**
	205,225	**5,351,390**	**104,763,238**	**14,497**	**110,334,350**
Financial liabilities					
Due to banks	**–**	**–**	**5,883,525**	**–**	**5,883,525**
Customer deposits	**–**	**–**	**76,784,930**	**–**	**76,784,930**
Sukuk payable and other medium term financing	**–**	**–**	**9,263,125**	**–**	**9,263,125**
Negative fair value of Islamic derivatives	**150,020**	**–**	**–**	**–**	**150,020**
Others	**–**	**–**	**4,746,762**	**–**	**4,746,762**
	150,020	**–**	**96,678,342**	**–**	**96,828,362**

*The carrying values of the financial assets and liabilities (that are not stated at fair value) are not significantly different to their fair values.

31 December 2024	FVTPL AED 000	FVOCI AED 000	Amortised cost* AED 000	Hedging instruments AED 000	Total carrying value AED 000
Financial assets					
Cash and deposits with the Central Bank of the UAE	**–**	**–**	**14,981,141**	**–**	**14,981,141**
Due from banks	**–**	**–**	**6,131,154**	**–**	**6,131,154**
Investment securities	**64,172**	**5,852,430**	**4,513,060**	**–**	**10,429,662**
Financing receivables	**–**	**–**	**53,747,737**	**–**	**53,747,737**
Positive fair value of Islamic derivatives	**179,187**	**–**	**–**	**4,986**	**184,173**
Others	**–**	**–**	**1,651,317**	**–**	**1,651,317**
	243,359	**5,852,430**	**81,024,409**	**4,986**	**87,125,184**
Financial liabilities					
Due to banks	**–**	**–**	**5,792,375**	**–**	**5,792,375**
Customer deposits	**–**	**–**	**61,314,915**	**–**	**61,314,915**
Sukuk payable and other medium term financing	**–**	**–**	**4,672,500**	**–**	**4,672,500**
Negative fair value of Islamic derivatives	**178,396**	**–**	**–**	**–**	**178,396**
Others	**–**	**–**	**4,409,837**		**4,409,837**
	178,396	**–**	**76,189,627**	**–**	**76,368,023**

* The carrying values of the financial assets and liabilities (that are not stated at fair value) are not significantly different to their fair values.

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2024

33 Financial assets and liabilities (continued)

B. Fair value of financial instruments

The table below analyses financial instruments measured at fair value on a recurring basis. The different levels in the fair value hierarchy have been defined as follows:

- Level 1: quoted prices (unadjusted) in principal markets for identified assets or liabilities.
- Level 2: valuation using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: valuation using inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

31 December 2024	Level 1 AED 000	Level 2 AED 000	Level 3 AED 000	Total AED 000
Investment securities				
FVOCI				
Government sukuk	450,645	–	–	450,645
Corporate sukuk	4,900,745	–	–	4,900,745
	5,351,390	–	–	5,351,390
Designated at FVTPL				
Equity	–	–	62,775	62,775
	–	–	62,775	62,775
Islamic derivative financial instruments				
Positive fair value of Islamic derivatives				
Islamic derivatives designated at FVTPL	–	142,450	–	142,450
Islamic derivatives held as cash flow hedge: Profit rate swaps	–	14,497	–	14,497
	–	156,947	–	156,947
Negative fair value of Islamic derivatives				
Islamic derivatives designated at FVTPL	–	(150,020)	–	(150,020)
Islamic derivatives held as cash flow hedge: Profit rate swaps	–	–	–	–
	–	(150,020)	–	(150,020)
	5,351,390	6,927	62,775	5,421,092

The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurements in Level 3 of the fair value hierarchy.

	Designated at FVTPL AED 000
Balance as at 1 January 2024	64,172
Total gains or losses:	
– in profit or loss	(1,397)
Transfers out of level 3	–
Settlements and other adjustments	–
Balance as at 31 December 2024	62,775

31 December 2023	Level 1 AED 000	Level 2 AED 000	Level 3 AED 000	Total AED 000
Investment securities				
FVOCI				
Government sukuk	532,978	–	–	532,978
Corporate sukuk	5,319,452	–	–	5,319,452
	5,852,430	–	–	5,852,430
Designated at FVTPL				
Equity	–	–	64,172	64,172
	–	–	64,172	64,172
Islamic derivative financial instruments				
Positive fair value of Islamic derivatives				
Islamic derivatives designated at FVTPL	–	179,187	–	179,187
Islamic derivatives held as cash flow hedge:				
Profit rate swaps	–	4,986	–	4,986
	–	184,173	–	184,173
Negative fair value of Islamic derivatives				
Islamic derivatives designated at FVTPL	–	(178,396)	–	(178,396)
Islamic derivatives held as cash flow hedge:				
Profit rate swaps	–	–	–	–
	–	(178,396)	–	(178,396)
	5,852,430	5,777	64,172	5,922,379

The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurements in Level 3 of the fair value hierarchy.

	Designated at FVTPL AED 000
Balance as at 1 January 2023	64,298
Total gains or losses:	
– in profit or loss	6,969
Transfers out of level 3	–
Settlements and other adjustments	(7,095)
Balance as at 31 December 2023	64,172

The fair value of financial instruments classified as level 3 are, in certain circumstances, measured using valuation techniques that incorporate assumptions that are not evidenced by the prices from observable current market transactions in the same instrument and are not based on observable market data. The Group employs valuation techniques, depending on the instrument type and available market data. For example, in the absence of active market, an investment's fair value is estimated on the basis of an analysis of the investee's financial position and results, risk profile and other factors. Favourable and unfavourable changes in the value of financial instruments are determined on the basis of changes in the value of the instruments as a result of varying the levels of the unobservable parameters, quantification of which is judgmental.

There have been no transfers between Level 1 and Level 2 during the years ended 31 December 2024 and 31 December 2023.

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2024

34 Notes to the group consolidated statement of cash flow

	2024 AED 000	2023 AED 000
(a) Analysis of changes in cash and cash equivalents during the year		
Balance at beginning of year	**(2,970,520)**	7,097,319
Net cash inflow/(outflow)	**1,026,731**	(10,067,839)
Balance at end of year	**(1,943,789)**	(2,970,520)
(b) Analysis of cash and cash equivalents		
Cash and deposits with the Central Bank of the UAE	**14,674,527**	14,981,141
Due from banks	**10,050,681**	6,145,177
Due to banks	**(5,883,525)**	(5,792,375)
	18,841,683	15,333,943
Less: Deposits with the Central Bank for regulatory purposes	**(7,705,048)**	(5,498,131)
Less: Murabaha with the Central Bank maturing after three months	**(5,246,541)**	(7,535,257)
Less: Amounts due from banks maturing after three months	**(8,718,911)**	(5,278,566)
Add: Amounts due to banks maturing after three months	**885,028**	7,491
	(1,943,789)	(2,970,520)
(c) Adjustment for non cash and other items		
Net impairment loss / (reversal) on due from banks	**8,198**	4,923
Net impairment loss / (reversal) on investment securities	**(9,576)**	(6,548)
Net Impairment loss on financing receivables	**921,323**	1,072,701
Net Impairment loss / (reversal) on unfunded exposure	**50,981**	140,034
Dividend income	**(3,168)**	(29)
Depreciation / impairment on property and equipment / investment properties	**59,430**	(21,430)
Unrealised (gain) / loss on investments	**1,397**	51,306
(Discount) / premium on investment securities	**7,432**	–
(Gain) / loss on sale of properties (investment properties / inventories)	**1,077**	(9,921)
Amortization (discount) / premium on Sukuk	**4,028**	2,791
	1,041,122	1,233,827

35 Capital management and allocation

The CBUAE supervises the Group on a consolidated basis, and therefore receives information on the capital adequacy of, and sets capital requirements for, the Group as a whole. Effective from 2017, the capital is computed at a Group level using the Basel III framework of the Basel Committee on Banking Supervision (Basel Committee), after applying the amendments advised by the CBUAE, within national discretion. The Basel III framework, like Basel II, is structured around three pillars: minimum capital requirements, supervisory review process and market discipline.

Minimum Capital Requirements

The CBUAE issued Basel III capital regulations, which came into effect from 1 February 2017 introducing minimum capital requirements at three levels, namely Common Equity Tier 1 (CET1), Additional Tier 1 (AT1) and Total Capital.

Additional capital buffers (Capital Conservation Buffer (CCB) and Countercyclical Capital Buffer (CCyB) – maximum up to 2.5% for each buffer) introduced over and above the minimum CET1 requirement of 7%.

Regulatory Capital

The Group's capital base is divided into three main categories, namely CET1, AT1 and Tier 2 ('T2'), depending on their characteristics.

- CET1 capital is the highest quality form of capital, comprising share capital, share premium, legal, statutory and other reserves, fair value reserve, retained earnings, non-controlling interest after deductions for goodwill and intangibles and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes under CBUAE guidelines.
- AT1 capital comprises eligible non-common equity capital instruments. The Group does not have AT1 capital at the end of reporting period.
- T2 capital comprises qualifying subordinated financing, and undisclosed reserve.

The capital overview as per Basel III framework is given below:

	2024 AED 000	2023 AED 000
Available capital		
Common equity tier 1 capital	**14,358,016**	11,726,133
Tier 1 capital	**14,358,016**	11,726,133
Total eligible capital	**15,261,588**	12,426,801
Risk-weighted assets		
Credit risk	**72,285,768**	56,053,403
Market risk	**61,033**	101,515
Operational risk	**7,631,660**	5,830,949
Total risk-weighted assets	**79,978,461**	61,985,867

Capital Ratio	2024	2023
a. Total capital ratio for consolidated Group	**19.08%**	20.05%
b. Tier 1 ratio only for consolidated Group	**17.95%**	18.92%
c. CET1 ratio only for consolidated Group	**17.95%**	18.92%

The capital adequacy ratios as per Basel III capital regulation are given below:

	2024 AED 000	2023 AED 000
Common Equity Tier 1 (CET1) Capital		
Share Capital	**5,430,422**	5,430,422
Eligible reserves	**1,664,312**	1,300,225
Transitional arrangement: Partial addback of ECL impact to CET1	**166,714**	362,479
Retained earnings / (–) loss	**7,205,577**	4,713,061
CET1 capital before the regulatory adjustments and threshold deduction	**14,467,025**	11,806,187
Less: Regulatory deductions	**(109,009)**	(80,054)
Total CET1 capital after the regulatory adjustments and threshold deduction (A)	**14,358,016**	11,726,133
Additional Tier 1 (AT1) Capital		
Eligible AT1 capital	**–**	–
Other AT1 Capital (e.g. Share premium, non-controlling interest)	**–**	–
Total AT1 capital (B)	**–**	–
Tier 2 (T2) Capital		
Other Tier 2 capital (including General Provisions, etc.)	**903,572**	700,668
Total T2 Capital (C)	**903,572**	700,668
Total Regulatory Capital (A+B+C)	**15,261,588**	12,426,801

Notes to the Group Consolidated Financial Statements continued
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36 Risk management
The primary risks to the Group arise from extending credit to corporate and institutional banking and retail banking and wealth management customers. The Group is also exposed to a range of other risk types such as market, operational, liquidity, compliance, reputational, country conduct legal, environmental and social risks that drive the direction of its risk management strategy, product range and risk diversification strategies.

Group Risk Management Framework (GRMF):
The GRMF enables the Group to manage group-wide risks with the objective of maximizing returns while adhering to our risk appetite.

The Group uses a three lines of defence model to support its approach to risk management by clarifying responsibility, encouraging collaboration, and enabling efficient coordination of risk and control activities. The three lines of defence are summarized below:

- Business units: required to ensure the effective management of risks within the scope of their direct organisational responsibilities. All employees within the business units are sufficiently trained and have access to appropriate tools to ensure risk-taking is controlled. Each business unit primarily owns the risk that it underwrites and is equally responsible for designing and implementing necessary controls to mitigate risks emanating from its activities.
- Risk control units: responsible for implementing policies and procedures, monitoring risks taken to ensure all risks are within the Group's risk appetite. Appropriate controls are designed and implemented with adequate reporting in place to anticipate future risks and improve the level of preparedness across the management chain.
- Group Internal Audit: provides independent assurance and reports its findings to all relevant management and governance bodies, accountable line managers, relevant oversight function and committee(s) of the Board.

A. Risk governance
The Group's risk governance structure ensures central oversight and control with clear accountability for and ownership of risk.

The Board of Directors (the Board) has the ultimate responsibility for setting the Group's risk appetite and for the establishment and oversight of the Group's risk management framework. This is managed through a number of committees; namely Board Risk Committee (BRC), Board Credit & Investment Committee (BCIC), Board Profit Equalization Committee (BPEC) and Board Audit Committee (BAC). The management level committees also actively manage risk particularly the Group Risk Committee (GRC), Management Credit Committee (MCC), Management Investment Committee (MIC) and Asset Liability Management Committee (ALCO).

BRC supports the Board with its risk oversight responsibilities with regards to risk governance, risk appetite and the risk management framework. The BRC approves risk policies and reviews reports and updates on risk management including risk profile, portfolio trends, stress testing, liquidity and capital adequacy and is authorised to investigate or seek any information relating to any activity within its terms of reference.

BCIC supports the Board to manage the credit and investment portfolio of the Group and is responsible for approval of credit and investment decisions above the MCC and MIC's authority, which do not meet the Board's materiality threshold. It oversees the execution of Group's credit risk management approach and reviews the credit profile of material portfolios to ensure alignment with business strategy and risk appetite.

The primary role BAC is to have oversight and review of financial, audit and internal control issues as well as oversee the independence and performance of group's external and internal auditors.

MCC is management level committee with delegated authority carry out credit facilities decisions including but not limited to approval and renewal of credit facilities, review and monitoring of portfolio performance in line with the credit risk strategy, decisions on debt settlement, provisioning write off and amendments to pricing, grades and waiver.

The role of the MIC is to support the Board in the management of the Investment Portfolios of the Group to ensure they conform to the strategic vision of the same and support the Board in monitoring and reporting the performance of these portfolios.

The ALCO is responsible for balance sheet management and quality of the funding plan as well as the management of capital and the establishment of, and compliance with, policies relating to balance sheet management, including management of our liquidity, capital adequacy and structural foreign exchange and profit rate risk. The committee also approves the contingency funding plan as well as the funds transfer pricing among other things.

The GRC is a senior management committee responsible for the management of all risks throughout the Group other than those delegated to MCC, MIC and Group ALCO and ensures the effective management of risk in support of the Group's business strategy and Group's risk appetite. The committee supports Board Risk Committee in the review of policies to ensure effective management of risks the Group faces including credit, market, operational, reputational, compliance, legal, conduct and environmental and social risks.

B. The risk function
The Risk Function is independent of the business (origination, trading and sales functions) to ensure that the necessary balance in risk/return decisions is not compromised by pressures for better results in terms of revenues and to ensure transparency of decisions in accordance with Group standards and policies.

Group Risk assists in controlling and actively managing the Group's overall risk profile. The role of the function is:

- To ensure the risk management framework is effectively communicated and implemented across the Group and is appropriate to the Group's activities;
- To exercise direct ownership for various risk types including but not limited to credit, market, country, operational, reputational risks;
- To ensure that the Group's business strategies, risk policies, procedures and methodologies are consistent with the Group's risk appetite;
- To ensure the integrity of the Group's risk/return decisions guaranteeing their transparency;
- To ensure that appropriate risk management architecture and systems are developed and implemented.

C. Risk appetite
The Group Risk Appetite Statement (Group RAS) is an articulation of the risk that the Group would be willing to accept, underwrite and/or be exposed to in the normal course of its business conduct.

The Group RAS is a critical component and extension of the GRMF. It is a mechanism used by the Group to proactively establish and subsequently monitor the group's risk profile using a set of pre-defined key risk metrics and respective thresholds.

D. Credit risk
Credit risk is the risk of financial loss, should any of the Group's customers, clients or market counterparties fail to fulfil their contractual obligation to the Group. Credit risk arises mainly from interbank, corporate and institutional banking and retail banking and wealth management receivables, and financing commitments arising from such financing activities, but can also arise from credit enhancement provided, such as financial guarantees, letter of credit, endorsement and acceptances.

The Group is also exposed to other credit risks arising from investments in financing securities (sukuk) and other exposures arising from derivatives as well as settlement balances with market counterparties and reverse repurchase agreements.

Credit risk management
Group's approach to credit risk management is based on the foundation of independence and integrity of risk management. 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's credit policy focuses on the core credit principles, financing guidelines and parameters, control and monitoring requirements, problem financing receivable identification, management of high-risk counterparties, provisioning and write-offs. Standard procedures specific to businesses are in place to manage various types of risks across different business segments, products and portfolios.

Portfolio performance is regularly measured against the risk appetite parameters and breaches, if any, are actioned by the Group's senior management.

Corporate and institutional Banking, Business Bank and Private Banking credit risk management
Credit facilities are granted based on the detailed credit risk assessment of the counterparty. The assessment considers amongst other things the purpose of the facility, sources of re-payment, prevailing and potential macro-economic factors, industry trends, customers' credit worthiness and standing within the industry.

The credit facility administration process is undertaken by an independent function to ensure proper execution of all credit approvals, maintenance of documentation and proactive controls over maturities, expiry of limits and collaterals.

Operations are managed by independent units responsible for processing transactions in line with credit approvals and standard operating guidelines.

Management of Early Alert (EA), Watch List (WL) & Impaired Non Performing Financing Receivables (NPFR) – The Group has a well-defined process for identification of EA, WL & NPFR accounts and dealing with them effectively. There are policies which govern credit grading of EA, WL & NPFR accounts and impairment, in line with IFRS and regulatory guidelines.

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2024

36 Risk management (continued)
D. Credit Risk (continued)
Credit risk management (continued)
Retail banking credit risk management
The Group has a structured management framework for Retail banking risk management. The framework enables the Group in identification and evaluation of the significance of all credit risks that the Group faces, which may have an adverse material impact on its financial position.

In the retail banking portfolio, losses stem from outright default due to inability or unwillingness of a customer to meet commitments in relation to funding transactions.

The Group's provisioning policy, which is in line with the IFRS and the regulatory guidelines, allows the Group to prudently recognize impairment on its retail portfolios.

Credit approving authorities
BCIC has delegated credit approving authorities to the MCC, MIC and members of senior management to facilitate and effectively manage the business. However, BCIC has retained the ultimate authority to approve credits beyond MCC authority.

Credit risk measurement
The estimation of credit risk for risk management purpose is complex and requires use of models, as the exposure varies with changes in market condition, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring and of the associated loss ratios. The Group measures credit risk using PD, EAD and LGD. This is similar to the approach used for the purpose of measuring ECL under IFRS 9.

Credit risk grading
The Group uses internal credit risk grading that reflects its assessment of the probability of default of individual counterparties. The Group uses internal rating models tailored to various categories of counterparty. Obligor and financing receivable specific information collected at the time of facility application (such as disposable income, and level of collateral for retail exposure; and turnover and industry type considerations which may not be captured as part of the other data inputs into the model.

The credit grades are calibrated, such that the risk of default increases exponentially at each higher risk grade. For example, the difference in the PD between a 1A and 2A rating grade is lower than the difference in the PD between a 3A and 4A rating grade.

The following are additional considerations for each type of portfolio held by the Group:

Retail:
For Retail facility, the bank leverages both credit bureau information and/or in-house model for on boarding a customer. Post origination, the payment behaviour is closely monitored on a period basis and the behavioural score are build using historical payment behaviour and other factors which reflects risk associated with the customers.

Corporate and institutional Banking, Business Banking and Private Banking:
Ratings are determined at the obligor level for these segments. A relationship/portfolio manager incorporates any updated or new information/credit assessment into the credit system on an ongoing basis. In addition, the relationship manager also updates information about the creditworthiness of the obligor every year from sources such as, but not limited to, published financial statements. This will determine the updated internal credit rating and PD.

Treasury:
For financing securities (sukuk) in the Treasury portfolio, external rating agency credit grades are used. These published grades are continuously monitored and updated. The PDs associated with each grade are determined based on realized default rates over the prior 12 months, as published by the rating agency.

The Group's rating method comprises 24 rating levels for instruments not in default (1 to 24) and 4 default classes (25 to 28). The Group's internal rating scale are mapped with external ratings. The master scale assigns each rating category a specified range of probabilities of default, which is stable over the time. The rating models are reviewed for recalibration so that they reflect the latest projections in the light of all actually observed defaults.

ECL measurement
IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit-quality since initial recognition as summarized below:

- A financial instrument that is not credit-impaired on initial recognized is classified in Stage 1 and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3.
- Financial instrument in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on a lifetime basis.
- ECL is measured after factoring forward-looking information.
- ECL on Purchased or originated credit-impaired financial assets is measured on a lifetime basis.

Significant increase in credit risk
The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria:
Corporate and Institutional Banking, Business Banking and Private Banking:
Significant increase in credit risk is measured by comparing the risk of default estimated at origination with the risk of default at reporting date in addition to assessing qualitative and quantitative factors.

Retail:
Thresholds have been set for each portfolio based on historical default rates. Facilities exceeding the threshold are considered for significant increase in credit risk.

Qualitative criteria:
The Group also considers in its assessment of significant increase in credit risk, various qualitative factors like significant adverse changes in business, extension of term granted, actual and expected forbearance or restructuring, early sign of cash flows and liquidity problems.

Backstop:
A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the obligor is more than 30 days past due on its contractual payments.

The IFRS9 Governance Forum is the committee responsible for the oversight of provisions. The committee has reviewed the calculation process, methodology, and the results of provisions as presented by the EI Chief Risk Officer (EI CRO). Further, the Board approved the provisioning process and associated provisions as presented by the EI CRO, as per Article 9.16 (Standards) of the Credit Risk Management Regulation and accompanying Standards, Circular No. 3/2024 dated 25/7/2024.

Definition of default and credit-impaired assets
The Group defines a financial instrument as in default, which is fully aligned with definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative:
The obligor is more than 90 days past due on its contractual payments.

Qualitative:
The obligor meets unlikeliness to pay criteria, which indicates the obligor is in significant financial difficulty. These are instances like long-term forbearance, obligor is insolvent, obligor is entering bankruptcy etc.

Curing
The Group continues to monitor such financial instruments for a probationary period of up to 24 months, depending on the payment frequency, to confirm if the risk of default has decreased sufficiently before upgrading such exposure from Lifetime ECL (Stage 2) to 12 months ECL (Stage 1).

The Group is observing a probationary period of a minimum of 4 instalments (for payments which are on a quarterly basis or shorter) and 12 months (in cases where instalments are on a longer frequency than quarterly) after the restructuring, before upgrading such exposures from Stage 3 to 2.

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2024

36 Risk management (continued)
D. Credit Risk (continued)

Credit risk management (continued)

Measuring ECL - Explanations of input, assumptions and estimation techniques

ECL inputs (PD, EAD and LGD) are adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in earlier year) on annual basis. This effectively calculates an ECL for each future year, which is then discounted back to the reporting date and summed. The discount rate used in ECL computation is the original effective profit rate or an approximation thereof.

The Lifetime PDs are determined based on maturity profile. The maturity profile looks at how defaults develop on a portfolio throughout the remaining life of the financing receivable. The maturity profile is based on historical observed data.

The EADs are determined based on the expected payment profile, which varies by product type.

- For amortizing products and bullet payment financings, this is based on the contractual payments owed by the obligor over the 12 months and lifetime basis. This is also adjusted for any overpayments made by the obligor.
- For revolving products, the EAD is predicted by taking current drawn balance and adding a credit conversion factor which allows for the expected drawdown of the remaining limit by the time of default.

LGDs are computed at facility level. These are based upon information such as exposure, collateral and other criteria's depending upon business segment. In addition, the final LGD is conditioned upon macro-economic outlook.

Forward looking economic information is also included in determining the 12 month and lifetime PD, EAD and LGD.

Forward-looking information incorporated in the ECL model

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified key economic variables impacting credit risk and ECL for each portfolio.

These economic variables and their associated impact on PD, EAD and LGD vary by financial instrument. Expert judgement has also been applied in this process. Forecast of these economic variables (the "base, upside and downside economic scenario along with scenario weighting") are obtained externally on a quarterly basis.

The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

As with any economic forecasts, the projections and likelihoods of the occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected.

Credit risk monitoring

Corporate and Institutional Banking, Business Banking and Private Banking: the Group's exposures are continuously monitored through a system of triggers and early warning signals. These are supplemented by monitoring of account conduct, assessment of collateral and market intelligence and early alerts.

Early Alert accounts are identified based on oversight, vigilance and risk triggers. Account strategy and action plans on these accounts are regularly monitored and discussed in the Early Alert Committee meetings.

Additionally, for IFRS 9 ECL computation, credit exposures are monitored and reported as per IFRS 9 and regulatory requirements. Stage migrations, any exceptions to SICR criteria, other credit and impairment related matters are reviewed and approved by IFRS 9 Governance Forum.

Retail banking: risks of the Group's financing portfolio are continuously assessed and monitored on the basis of exceptions, management information reports and returns generated by the business and credit units. Credit risk is also monitored on an ongoing basis with formal monthly and quarterly reporting to ensure that senior management is aware of shifts in the credit quality of the portfolio along with changing external factors.

Group credit risk mitigation strategy

The Group operates within prudential exposure ceilings set by the Board in line with the UAE Central Bank guidelines. There are well laid out processes for exception management and escalation.

The Group has adopted measures to diversify the exposures to various sectors. Diversification is achieved by limiting concentration through setting customer, industry and geographical limits.

The risk transfer in the form of syndicated financings and risk participation agreements with other banks are globally accepted practices followed by the Group, where appropriate, to limit its exposure.

Collateral management

Collaterals and guarantees are effectively used as mitigating tools by the Group. The quality of collateral is continuously monitored and assessed and the Group seeks to ensure enforceability of the collateral. Major categories of collaterals include cash/ fixed deposits, inventories, shares, guarantees (corporate, bank and personal guarantees), immovable properties, receivables, gold and vehicles.

Collaterals are revalued regularly as per the Group's credit policy. In addition, ad hoc valuations are also carried out depending on the nature of collateral and general economic condition. This enables the Group to assess the fair market value of the collateral and ensure that risks are appropriately managed. Security structures and legal covenants are also subject to regular review.

Please refer to Pillar 3 disclosures for additional information on collaterals.

Write offs

Financing and Sukuk in corporate and institutional banking and Treasury are written off (either partially or in full) when there is no reasonable prospect of recovery. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of the amounts due.

Non performing consumer financing and credit cards, except for mortgage facilities and home financing, are written off at 181 days past due. All receivables remain active on the financing management system for recovery and any legal strategy the Group may deem fit to use.

E. Analysis by economic activity for assets:

The Group monitors concentrations of credit risk by economic activity sector. The analysis by economic activity is as follows:

	2024		2023	
	Financing receivables	Others	Financing receivables	Others
Manufacturing	**2,661,385**	**731,820**	2,391,314	400,058
Construction	**382,593**	**259,642**	741,005	317,291
Trade	**5,782,657**	**–**	5,463,957	–
Transport and communication	**638,533**	**1,347,690**	604,412	1,223,101
Utilities and services	**2,106,761**	**896,191**	1,983,044	768,265
Sovereign	**1,418,238**	**4,816,553**	225,639	3,191,198
Personal	**45,976,812**	**–**	36,772,410	–
Real estate	**8,578,624**	**–**	4,546,094	–
Hotels and restaurants	**38,709**	**–**	91,565	–
Management of companies and enterprises	**4,682,710**	**–**	3,160,155	–
Financial institutions and investment companies	**1,601,651**	**15,383,365**	1,064,005	10,514,039
Others	**4,521,013**	**92,748**	3,216,041	184,217
Total Assets	**78,389,686**	**23,528,009**	60,259,641	16,598,169
Less: Deferred Income	**(3,213,965)**	**–**	(1,660,758)	–
Less: Expected credit loss	**(4,695,866)**	**(35,976)**	(4,851,146)	(37,353)
	70,479,855	**23,492,033**	53,747,737	16,560,816

Others includes due from banks and investment securities.

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2024

36 Risk management (continued)
F. Classification of investment securities as per their external ratings

As of 31 December 2024

Ratings	Designated at FVTPL AED 000	FVOCI AED 000	Amortised cost AED 000	Total AED 000
AAA	–	–	238,463	238,463
AA- to AA+	–	730,319	2,219,450	2,949,769
A- to A+	–	2,910,839	3,754,676	6,665,515
Lower than A-	–	1,454,566	1,790,618	3,245,184
Unrated	62,775	264,207	51,415	378,397
Less: Expected credit loss	–	(8,541)	(5,214)	(13,755)
	62,775	5,351,390	8,049,408	13,463,573

Of which issued by:

	Designated at FVTPL AED 000	FVOCI AED 000	Amortised cost AED 000	Total AED 000
Governments	–	455,522	4,361,031	4,816,553
Public sector enterprises	–	4,350,508	3,693,591	8,044,099
Private sector and others	62,775	553,901	–	616,676
Less: Expected credit loss	–	(8,541)	(5,214)	(13,755)
	62,775	5,351,390	8,049,408	13,463,573

As of 31 December 2023

Ratings	Designated at FVTPL AED 000	FVOCI AED 000	Amortised cost AED 000	Total AED 000
AAA	–	–	238,328	238,328
AA- to AA+	–	934,787	939,371	1,874,158
A- to A+	–	2,872,648	1,898,469	4,771,117
Lower than A-	–	1,811,034	1,390,192	3,201,226
Unrated	64,172	252,576	51,415	368,163
Less: Expected credit loss	–	(18,615)	(4,715)	(23,330)
	64,172	5,852,430	4,513,060	10,429,662

Of which issued by:

	Designated at FVTPL AED 000	FVOCI AED 000	Amortised cost AED 000	Total AED 000
Governments	–	540,895	2,650,303	3,191,198
Public sector enterprises	–	4,592,421	1,867,472	6,459,893
Private sector and others	64,172	737,729	–	801,901
Less: Expected credit loss	–	(18,615)	(4,715)	(23,330)
	64,172	5,852,430	4,513,060	10,429,662

G. Risk gross maximum exposure:

The table below shows the gross maximum exposure to credit risk for the components of the statement of financial position. The maximum exposure is shown gross, before the effect of use of master netting and collateral agreements.

	2024 AED 000	2023 AED 000
Deposits with Central Bank	13,503,946	14,078,160
Due from banks	10,028,460	6,131,154
Investment securities	13,463,573	10,429,662
Financing receivables	70,479,855	53,747,737
Positive fair value of Islamic derivatives	156,947	184,173
Customer acceptances	747,795	1,036,534
Other assets	200,518	151,225
Total (A)	108,581,094	85,758,645
Contingent liabilities	9,295,482	7,152,749
Irrevocable commitments	2,367,784	2,795,524
Total (B)	11,663,266	9,948,273
Total credit risk exposure (A + B)	120,244,360	95,706,918

H. Credit quality analysis:

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

AED 000 31 December 2024	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Financing receivables				
Balance as at 1 January	52,544,710	2,372,055	3,682,118	58,598,883
Transfers from stage 1	(2,101,057)	1,926,817	174,240	–
Transfers from stage 2	1,019,064	(1,805,363)	786,299	–
Transfers from stage 3	13,261	42,231	(55,492)	–
New financial assets, net of payments and others	17,590,238	273,590	(312,437)	17,551,391
Amounts written off during the year	–	–	(974,553)	(974,553)
Total gross financing receivables as at 31 December	69,066,216	2,809,330	3,300,175	75,175,721
Expected credit losses	(1,219,370)	(365,036)	(3,111,460)	(4,695,866)
Carrying amount	67,846,846	2,444,294	188,715	70,479,855
By business units				
Corporate Banking	26,853,785	1,202,415	2,645,908	30,702,108
Retail Banking	42,212,431	1,606,915	654,267	44,473,613
Total gross financing receivables	69,066,216	2,809,330	3,300,175	75,175,721

AED 000 31 December 2023	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Financing receivables				
Balance as at 1 January	48,129,717	1,259,856	3,692,074	53,081,647
Transfers from stage 1	(2,178,901)	1,588,044	590,857	–
Transfers from stage 2	312,900	(652,413)	339,513	–
Transfers from stage 3	367	19,846	(20,213)	–
New financial assets, net of payments and others	6,280,627	156,722	14,111	6,451,460
Amounts written off during the year	–	–	(934,224)	(934,224)
Total gross financing receivables as at 31 December	52,544,710	2,372,055	3,682,118	58,598,883
Expected credit losses	(1,264,296)	(275,465)	(3,311,385)	(4,851,146)
Carrying amount	51,280,414	2,096,590	370,733	53,747,737
By business units				
Corporate Banking	18,713,745	502,190	3,049,098	22,265,033
Retail Banking	33,830,965	1,869,865	633,020	36,333,850
Total gross financing receivables	52,544,710	2,372,055	3,682,118	58,598,883

The stage 1 and stage 2 are performing financing receivables having grades 1a-4f while stage 3 is non-performing financing receivable having grades 5a-5d.

Corporate Banking – Performing does not include any exposure against watchlist customers.

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2024

36 Risk management (continued)
I. Amounts arising from ECL

Financing receivables	31 December 2024				31 December 2023			
AED 000	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Balance as at 1 January	**1,264,296**	**275,465**	**3,311,385**	**4,851,146**	955,482	274,920	3,482,267	4,712,669
Transfers from Stage 1	**(95,828)**	**66,646**	**29,182**	**–**	(87,730)	33,256	54,474	–
Transfers from Stage 2	**46,517**	**(260,676)**	**214,159**	**–**	20,605	(142,035)	121,430	–
Transfers from Stage 3	**6,845**	**3,036**	**(9,881)**	**–**	367	5,663	(6,030)	–
Allowances for impairment made during the year	**(2,460)**	**280,565**	**850,752**	**1,128,857**	375,572	103,661	1,076,834	1,556,067
Write back / recoveries made during the year	**–**	**–**	**(207,534)**	**(207,534)**	–	–	(483,366)	(483,366)
Amounts written off during the year	**–**	**–**	**(974,553)**	**(974,553)**	–	–	(934,224)	(934,224)
Others*	**–**	**–**	**(102,050)**	**(102,050)**	–	–	–	–
Closing balance as at 31 December	**1,219,370**	**365,036**	**3,111,460**	**4,695,866**	1,264,296	275,465	3,311,385	4,851,146

The contractual amount outstanding on financing receivables which were written off during the year and are still subject to enforcement activity amounted to AED 975 million (2023: AED 934 million).

*This represents ECL against unfunded exposures transferred to other liabilities.

J. Market risk
Market Risk is the risk that the value of financial instruments in the Group's book – with the inclusion of some other financial assets and liabilities 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
- FX Risk: losses in value due to exposures to changes in spot prices, forward prices and volatilities of currency rates
- Credit Spread Risk: Losses in the value due to change in credit spreads driven by associated credit risk of the security issuer/ underlying
- Commodity Price Risk: losses in value due to exposures to changes in spot prices, forward prices, and volatilities of commodities such as precious metals.

The Group's risk exposures to market risk are segregated into Trading and Banking Books. The Trading Book include those financial instruments held with trading intent arising from market-making, position-taking and other so designated financial instruments accounted for at fair value daily. The Banking Book include financial instruments not held with trading intent that arise from the management of Profit Rate risk and FX risk from the Group's retail and corporate and institutional banking assets and liabilities, and other financial investments designated as either FVOCI or Amortised Cost.

Market risk oversight and management process
As part of the Group's enterprise-wide risk management framework, an extensive governance processes are applied to the market risk taking activities. This governance framework includes, inter alia:

- Approval by the Group's Board Risk Committee (BRC) and Asset-Liability Committee (ALCO) of a set of risk limits with appropriate monitoring, reporting and limits excesses' escalation procedures subject to regular review and consistent with the Bank's approach to strict compliance with Shariah rules and principles.
- A comprehensive set of policies, procedures and limits; and
- Monitoring a wide range of risk metrics appropriate for the respective dealing activities - such as risk sensitivities, Gross and Net open positions, Value-at-Risk (VaR) and stop-loss limits.

The Group uses appropriate and independently validated market standard models for the revaluation and risk measurement of its linear and non-linear financial products and receives regular market information from independent market data providers in order to measure and monitor market risk.

The Group's market risk is managed through risk limits set by the ALCO and approved by the Board Risk Committee. Risk limits are reviewed by the ALCO on an annual basis and are monitored independently by the Market Risk unit on a regular basis, and exceptions, if any, are reported to senior management.

Value-at-Risk
To better capture the multi-dimensional aspects of market risk, the Group's primary market risk metric is a statistical one, Value-at-Risk (VaR), which is used for short-term risk holding periods. VaR metrics are calculated daily for the specific asset classes, such as Profit Rate VaR, Foreign Exchange VaR and Total VaR

i. Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is not significantly exposed to currency risk since the majority of the assets and liabilities of the Group are denominated predominately in either AED or in USD-pegged currencies from other GCC countries.

ii. Price risk
The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The effect on equity due to reasonably possible change in equity indices, with all other variables held constant, is as follows:

	2024			2023		
	% Change in market indices	Effect on net profit AED 000	Effect on OCI AED 000	% Change in market indices	Effect on net profit AED 000	Effect on OCI AED 000
Equity	**10**	**6,278**	**–**	10	6,417	–
Sukuk	**10**	**–**	**535,139**	10	–	585,243

K. Operational risk
Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people, systems, or from external events. This definition includes legal risks (described as exposure to fines, penalties and punitive damages resulting from supervisory actions, as well as private settlements), regulatory risks, and the risk arising from change initiatives.

Operational Risk Governance Framework
The Group applies a three line of defence model for operational risk management. The business and support units form the first line of defence. They have the primary responsibility and accountability for identifying operational risk in their areas and to promptly mitigate any issues.

The Operational Risk function as the second line of defence, provide consistent and standardized methods and tools to business and support functions for managing operational risk. The Group Operational Risk unit monitors the risk management process and compliance to the operational risk policies and procedures. It conducts independent analysis of the operational risk exposure and the bank's mitigating strategies.

Internal Audit acts as the third line of defence, provides independent assurance to the Board of Directors.

Operational Risk Management Process
The Group has set up the Operational Risk function within Risk Management Team to establish the framework and governance structure set out in the operational risk policy. The risk management process comprises mainly of the below elements:

- Risk Assessment
- Risk Monitoring and Review
- Risk Treatment
- Risk Reporting

This function develops and implements the methods for the identification, assessment and monitoring of Operational Risk throughout the Group and provides regular and comprehensive reporting on operational risks to senior management. The function supports business and other support units to monitor and manage their individual operational risks. Furthermore, the Group Operational Risk function also provides analysis and reports on operational risks to management committees (Board Risk Committee, Group Risk Committee, Local Risk Committee), and to the CBUAE as per regulations, guidelines / circulars and conducts independent oversight and monitoring of risks and mitigating measures.

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2024

36 Risk management (continued)
K. Operational risk (continued)

Insurance Management
The Group obtains comprehensive and tailored insurance cover to protect the Group against unexpected and unforeseeable losses. Islamic insurance cover is obtained from high rated insurance companies in the international reinsurance market. The requirements for insurance are reviewed annually and the insurance cover is aligned to changes of the Group's risk exposure.

Fraud Management
The Board and Management are determined to build and maintain a credible defence to the threat posed by fraud.

In line with the evolving banking technologies and digital landscape, management has recognized the need for greater focus on anti-fraud capabilities of the Group. As such the bank is continuously investing into advanced systems and controls for the interdiction of frauds perpetrated against the bank. The bank has increased monitoring and enhanced detective controls to manage fraud risks, which arise from new technologies and new methods of banking.

The Group has a specialized Fraud Prevention and Investigation (FP&I) team which focuses on investigation of fraud attempts against the bank, spreading fraud awareness to stakeholders, identification and mitigation of fraud risks. The team has independent reporting to Board Risk Committee.

The Group has policies and procedures in place to ensure compliance with prevailing legislation and limit risk, including the risk of fraud.

Whistleblowing
The Group is committed to the highest standards of openness, integrity and accountability in the delivery of its services. Whilst the Group has instituted a wide range of rules, regulations, procedures and codes of practice to deliver on its commitments, fraud, malpractice, abuse and/or wrongdoing may unfortunately occur.

As such, the Group as part of 'Whistleblowers Policy', provides the platform to employees for reporting of malpractices. The policy is designed to encourage employees to report suspected internal fraud and other breaches, through specified channels, while safeguarding the employee from retribution.

Cyber Security Management
Emirates Islamic considers Information and related processes, systems, and networks as an important and valuable asset. These assets are required to be protected to ensure their confidentiality, availability and integrity at all times.

The Group has established a comprehensive cyber security framework based on three line of defence model.

The framework ensures Emirates Islamic is resilient to sustain cyber security threats in an evolving and increasingly complex digital environment.

Business Continuity Management
Business Continuity Management (BCM) is defined as a "holistic management process that identifies potential threats to an organization and the impacts to business operations that those threats, if realized, might cause, and which provides a framework for building organisational resilience with the capability for an effective response that safeguards the interests of its key stakeholders, reputation, brand and value-creating activities."

The business continuity process across the Group is based on the international standard ISO22301:2012 (E). The BRC is responsible for providing oversight and strategy for Business Continuity Management. Business and support units are responsible to ensure appropriate Business Continuity Plans are in place and tested for their respective areas. The effectiveness of the Business Continuity Plans is monitored independently by Group Operational Risk.

L. Liquidity risk
Liquidity Risk refers to the inability of the Group to fund an increase in assets and meet obligations as they become due (Structural Funding Risk), or the inability to convert assets into cash at reasonable prices (Market Liquidity Risk). The risk arises from mismatches in the amount and timings of cash flows.

Objectives and Governance structure
The objective of the Group's liquidity and funding management framework is to ensure that all foreseeable funding commitments (under both normal and stressed conditions) can be met when due, and that access to the wholesale markets is coordinated and cost effective. To this end, the Group maintains a diversified funding base comprising core retail and corporate customer deposits and institutional balances. This is augmented with wholesale funding and portfolios of highly liquid assets diversified by currency and maturity which are held to enable the Group to respond quickly and smoothly to unforeseen liquidity requirements.

Policies and Procedures
Specifically, liquidity and funding management process includes:

- projecting cash flows under various stress scenarios and considering the level of liquid assets necessary in relation thereto;
- mis-match analysis between assets and liabilities for different periods with a focus on shorter time frames. These gap reports are based on contractual cash flow, retention and decay assumptions for non-maturing assets and liabilities and potential liquidity demand through undrawn commitments;
- monitoring balance sheet liquidity and financing receivables to deposits ratios against internal and regulatory requirements;
- maintaining a diverse range of funding sources with back-up facilities;
- managing the concentration and profile of financing maturities;
- maintaining financing plans;
- monitoring customer depositor concentration in order to avoid undue reliance on large individual depositors and ensure a satisfactory overall funding mix; and
- maintaining liquidity and funding contingency plans. These plans identify early indicators of distress conditions and describe actions to be taken in the event of difficulties arising from systemic or other crisis, while minimising adverse long-term implications for the business.

M. Maturity analysis of assets and liabilities
The table below summarizes the maturity profile of the Group's assets and liabilities based on their carrying values:

31 December 2024	Within 3 months AED 000	Over 3 months to 1 year AED 000	Over 1 year to 3 years AED 000	Over 3 years to 5 years AED 000	Undated and Over 5 years AED 000	Total AED 000
Assets						
Cash and deposits with the Central bank of the UAE	12,851,170	1,823,357	–	–	–	14,674,527
Due from banks	2,226,386	2,822,558	4,979,516	–	–	10,028,460
Investment securities	305,227	1,270,504	3,451,547	5,603,066	2,833,229	13,463,573
Financing receivables	17,232,227	10,985,631	16,082,176	10,432,707	15,747,114	70,479,855
Positive fair value of Islamic derivatives	4,637	4,808	52,046	60,480	34,976	156,947
Investment properties	–	–	–	–	170,795	170,795
Customer acceptances	747,795	–	–	–	–	747,795
Property and equipment	–	–	–	–	320,207	320,207
Other Assets	426,644	–	–	–	659,870	1,086,514
Total assets	33,794,086	16,906,858	24,565,285	16,096,253	19,766,191	111,128,673

31 December 2024	Within 3 months AED 000	Over 3 months to 1 year AED 000	Over 1 year to 3 years AED 000	Over 3 years to 5 years AED 000	Undated and Over 5 years AED 000	Total AED 000
Liabilities						
Due to banks	3,034,887	863,477	–	–	1,985,161	5,883,525
Customer deposits	62,783,812	12,306,374	642,685	710,755	341,304	76,784,930
Sukuk payable and other medium term financing	–	1,836,064	4,672,007	2,755,054	–	9,263,125
Negative fair value of Islamic derivatives	4,399	5,050	41,393	61,442	37,736	150,020
Customer acceptances	747,795	–	–	–	–	747,795
Other liabilities	1,982,156	–	–	–	2,016,811	3,998,967
Total equity	–	–	–	–	14,300,311	14,300,311
Total liabilities and equity	68,553,049	15,010,965	5,356,085	3,527,251	18,681,323	111,128,673
Off balance sheet						
Letter of credits and guarantees	4,234,072	2,699,499	2,042,882	30,337	258,427	9,265,217
31 December 2023						
Assets	31,270,218	16,794,071	13,180,657	9,496,880	17,069,905	87,811,731
Liabilities and equity	57,557,382	8,420,448	5,590,337	413,760	15,829,804	87,811,731
Off balance sheet	3,512,997	1,658,880	1,253,999	287,271	428,821	7,141,968

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2024

36 Risk management (continued)

N. Analysis of financial liabilities by remaining contractual maturities

The table below summarizes the maturity profile of the Group's financial liabilities at 31 December 2024 based on contractual undiscounted payment obligations.

Payments which are subject to notice are treated as if notice was given immediately. However, the Group expects that many customers will not request payment 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.

	Carrying amount AED 000	Gross nominal outflows AED 000	Within 3 months AED 000	Over 3 months to 1 year AED 000	Over 1 year to 3 years AED 000	Over 3 years to 5 years AED 000	Over 5 years AED 000
Financial liabilities							
Due to banks	**5,883,525**	**(5,928,658)**	**(3,055,075)**	**(888,422)**	**–**	**–**	**(1,985,161)**
Customer deposits	**76,784,930**	**(77,411,503)**	**(62,947,335)**	**(12,555,064)**	**(759,402)**	**(802,160)**	**(347,542)**
Sukuk payable	**9,263,125**	**(10,264,367)**	**(35,010)**	**(2,112,401)**	**(5,138,000)**	**(2,978,956)**	**–**
	91,931,580	**(93,604,528)**	**(66,037,420)**	**(15,555,887)**	**(5,897,402)**	**(3,781,116)**	**(2,332,703)**
Letters of credit and guarantees	**9,265,217**	**(9,265,217)**	**(4,234,072)**	**(2,699,499)**	**(2,042,882)**	**(30,337)**	**(258,427)**
Irrevocable financing commitments	**2,367,784**	**(2,367,784)**	**(2,086,851)**	**(102,187)**	**(1,940)**	**(6,014)**	**(170,792)**

31 December 2023	Carrying amount AED 000	Gross nominal outflows AED 000	Within 3 months AED 000	Over 3 months to 1 year AED 000	Over 1 year to 3 years AED 000	Over 3 years to 5 years AED 000	Over 5 years AED 000
Financial liabilities							
Due to banks	5,792,375	(5,829,167)	(3,264,014)	(569,586)	–	–	(1,995,567)
Customer deposits	61,314,915	(61,818,660)	(51,956,362)	(8,032,758)	(960,791)	(416,325)	(452,424)
Sukuk payable	4,672,500	(4,950,178)	(30,909)	(93,408)	(4,825,861)	–	–
	71,779,790	(72,598,005)	(55,251,285)	(8,695,752)	(5,786,652)	(416,325)	(2,447,991)
Letters of credit and guarantees	7,141,968	(7,141,968)	(3,512,997)	(1,658,880)	(1,253,999)	(287,271)	(428,821)
Irrevocable financing commitments	2,795,524	(2,795,524)	(722,383)	(2,055,759)	–	–	(17,382)

O. Profit rate risk in the banking book

Profit Rate Risk in the Banking Book ('PRRBB') is defined as the exposure of the non-trading products of the Group to profit rates. Non-trading portfolios include all banking book positions that arise from the profit rate on the Group's retail and commercial banking assets and liabilities, and financial investments designated at fair value through other comprehensive income and amortised cost. PRRBB arises principally from mismatches between the future yields on assets and their funding costs, as a result of profit rate changes.

In order to manage this risk optimally, PRRBB in non-trading portfolios is transferred to Group Treasury under the supervision of the Group ALCO, through Funds Transfer Pricing (FTP) Systems. Group ALCO is required to regularly monitor all such profit rate risk positions to ensure they comply with profit rate risk limits.

For measuring overall profit sensitivity in the banking book, the Group conducts stress tests by simulating parallel shifts to the yield curve(s) ranging from 50 basis points to 200 basis points, and assessing the corresponding impact on its net income from financing and investment products.

	As at 31 December 2024		As at 31 December 2023	
AED 000	**Amount**	**Variance**	Amount	Variance
Rates Up 200 bp	**4,235,597**	**370,011**	3,669,155	422,878
Base Case	**3,865,586**	**–**	3,246,278	–
Rates Down 200 bp	**3,153,679**	**(711,907)**	2,571,000	(675,278)

The profit rate sensitivities set out in the table above are based on a set scenario i.e. the projections above assume that profit rates of all maturities move by the same amount and, therefore, do not reflect the potential effect on net income from financing and investment products of some rates changing while others remain unchanged. The projections also make the assumption that all positions run to maturity. This effect does not incorporate actions that would be taken by Group Treasury or in the business units to mitigate the impact of this profit rate risk. In practice, Group Treasury seeks proactively to change the profit rate risk profile to minimize losses and optimise net revenues.

P. Profit rate repricing analysis*

31 December 2024	Less than 1 month Actual	Over 1 month to 3 months Actual	Over 3 months to 6 months Actual	Over 6 months to 1 year Actual	Over 1 year Actual	Non-profit bearing Actual	Total AED 000
Assets							
Cash and deposits with the Central Bank of the UAE	**–**	**3,423,188**	**1,521,415**	**301,938**	**–**	**9,427,986**	**14,674,527**
Due from banks	**3,851,318**	**4,224,279**	**689,069**	**1,073,492**	**–**	**190,302**	**10,028,460**
Investment securities	**178,546**	**126,797**	**509,030**	**761,474**	**11,824,951**	**62,775**	**13,463,573**
Financing receivables	**22,802,187**	**27,784,210**	**4,057,900**	**4,510,119**	**11,325,439**	**–**	**70,479,855**
Positive fair value of Islamic derivatives	**–**	**–**	**–**	**–**	**–**	**156,947**	**156,947**
Investment properties	**–**	**–**	**–**	**–**	**–**	**170,795**	**170,795**
Customer acceptances	**–**	**–**	**–**	**–**	**–**	**747,795**	**747,795**
Property and equipment	**–**	**–**	**–**	**–**	**–**	**320,207**	**320,207**
Other assets	**–**	**–**	**–**	**–**	**–**	**1,086,514**	**1,086,514**
Total assets	**26,832,051**	**35,558,474**	**6,777,414**	**6,647,023**	**23,150,390**	**12,163,321**	**111,128,673**

*Represents when the profit rate will be repriced for each class of assets and liabilities.

31 December 2024	Less than 1 month Actual	Over 1 month to 3 months Actual	Over 3 months to 6 months Actual	Over 6 months to 1 year Actual	Over 1 year Actual	Non-profit bearing Actual	Total AED 000
Liabilities and equity							
Due to banks	**902,896**	**1,853,469**	**–**	**863,477**	**–**	**2,263,683**	**5,883,525**
Customer deposits	**23,871,832**	**4,980,787**	**6,576,103**	**5,946,771**	**201,050**	**35,208,387**	**76,784,930**
Sukuk payable and other medium term financing	**–**	**1,836,250**	**–**	**1,836,064**	**5,590,811**	**–**	**9,263,125**
Negative fair value of Islamic derivatives	**–**	**–**	**–**	**–**	**–**	**150,020**	**150,020**
Customer acceptances	**–**	**–**	**–**	**–**	**–**	**747,795**	**747,795**
Other liabilities	**–**	**–**	**–**	**–**	**–**	**3,998,967**	**3,998,967**
Total equity	**–**	**–**	**–**	**–**	**–**	**14,300,311**	**14,300,311**
Total liabilities and equity	**24,774,728**	**8,670,506**	**6,576,103**	**8,646,312**	**5,791,861**	**56,669,163**	**111,128,673**
On balance sheet gap	**2,057,323**	**26,887,968**	**201,311**	**(1,999,289)**	**17,358,529**	**(44,505,842)**	**–**
Profit rate sensitivity gap – 2024	**2,057,323**	**26,887,968**	**201,311**	**(1,999,289)**	**17,358,529**	**(44,505,842)**	**–**
Cumulative profit rate sensitivity gap – 2024	**2,057,323**	**28,945,291**	**29,146,602**	**27,147,313**	**44,505,842**	**–**	**–**
Cumulative profit rate sensitivity gap – 2023	(621,963)	24,836,066	26,317,670	26,583,515	38,254,867	–	–

*Represents when the profit rate will be repriced for each class of assets and liabilities.

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2024

36 Risk management (continued)

Q. Reputational risk

Reputational risk is the risk of damage to a Group's reputation as a result of any event, arising from negative publicity about its business practices, conduct, or financial condition. Such negative publicity may affect public or stakeholder confidence in the Group leading to a decline in customer base, business revenue, liquidity, or capital position. Reputational Risk may also arise as a result of negative stakeholder opinion. This could be a result of any event, behaviour, action, or inaction, either by the Group's itself, our employees or those with whom we are associated.

Reputational risk damage can often arise from a secondary effect or outcome of other interconnected risks, as defined within the Group Risk Management Framework. As such, these additional risk categories when assessing reputational risks and their measurement.

The Groups Reputational Risk policy is defined to ensure all organisational units identify, measure, manage and monitor the reputational risks that arise from the ongoing operations of the Group during its transactions with clients, setting up of new products business practices, counterparties, customer complaints and claims, sponsorship, and media relations. The governance of the Group's reputational risk management is integrated into the Group's broader risk management framework.

R. ICAAP and Stress-Testing

Stress testing is an integral part of the Group's risk management process. It includes scenario analysis and is conducted regularly. In particular, the ICAAP (a group-wide exercise spanning risk types) is performed annually. On top of this, additional stress tests are carried out in response to microeconomic and macroeconomic conditions or portfolio and branch/subsidiary level. Every stress test is documented and the results are discussed at the EXCO level and approved by the GRC and the BRC.

Stress testing alerts senior management to the Group's potential vulnerability to exceptional but plausible adverse events. As such, stress testing enable us to assess capital adequacy and identify potential risky portfolio segments as well as inherent systematic risks. This then allows us to develop the right contingency plans, exit strategies and mitigating actions beforehand.

S. Model Risk

Model risk is the risk of potential adverse consequences arising from decision made based on incorrect or misused model outputs and reports. As the Group has a robust model governance and Management approach, potential losses arising from the outputs of the internal models due to errors in the development, implementation, or use of such models are well understood and managed.

A specialised model management unit within the Group oversees the validation and use of models for regulatory and/or financial reporting purposes, guided by the Group Model Governance and Management Framework. This ensures that the models follow a robust approach of validation prior to use. The governance process for the models is performed across the model life cycle. All Tier 1 and Tier 2 models are managed through a centralised Model Inventory System to track and manage their use. The Group Model Validation Standards outline the minimum requirements that models should meet prior to use.

T. Regulatory/compliance risk

Regulatory/Compliance risk is the risk of reputational and/or financial losses due to the failure to comply with applicable laws, regulations or sanctions.

The Group has an independent Compliance function, with the necessary mandate and authority to enforce and monitor compliance on a Group wide basis. This includes compliance with the applicable laws and regulations across the various jurisdictions where the Group operates as well as those of the USD / EU clearing centres.

Compliance policies covering key areas such as Sanctions, Anti Money Laundering (AML), Counter Terrorist Financing (CTF), Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS) are applicable Group wide and are supplemented where necessary to address any unique local requirements. These policies are supported by automated screening and monitoring systems and associated investigation teams to help comply with the Sanctions, AML, CTF, FATCA and CRS requirements. Independent Compliance Monitoring is undertaken to provide assurance over the effectiveness of controls. Mandatory Compliance Training is provided to all relevant staff both at onboarding and periodically thereafter to help ensure that key requirements are complied with.

Shariah non-compliance risk

Non-compliance with Internal Shariah Supervision Committee's Resolutions and Fatwas while taking administrative decision, products or executing financial products' contracts, may cause a reputational risk for the Group.

The Group has permanent Internal Shariah Control Department to evaluate all existing and proposed solutions prior to presenting it to Internal Shariah Supervision Committee for approval and to conduct a periodic Shariah audit to ensure compliance with Shariah principles and rules.

Based on the Shariah Governance Standard for Islamic Financial Institutions issued by the Higher Shariah 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 Shariah principles. The ISSC is the highest authority in the Bank from a Shariah governance perspective. The Board is expected to be aware of Shariah non-compliance risk and its potential impact on the Bank. The Board Risk Committee supervises and monitors management of Shariah non-compliance risk and sets controls in relation to this type of risk, in consultation with ISSC and through the Internal Shariah control Division of the Bank. ("ISCD"). The Board risk committee ensures the availability of an information system that enables the Bank to measure, assess and report Shariah non-compliance risk. Reports are provided in a timely manner to the Board and Senior Management, in formats suitable for their use and understanding. The Bank implements effective internal Shariah 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 Shariah Supervision Committee of the Bank ("ISSC"), and executes the business activities in a manner compliant with the principles of Shariah at all times.
- The second line of defence, represented by the ISCD, undertakes amongst the others the Shariah control and Shariah compliance functions.
- The third line of defence represented by Internal Shariah Audit Department undertakes the execution of Shariah audit assignments of the Bank and reports its findings to the ISSC.

U. Environmental, social and governance (ESG) risk

The rapidly changing global landscape, marked by challenges such as climate change, the evolving expectations of our stakeholders, as well as a continuous evolution of international standards, particularly in the areas of sustainability accounting, audit and ethics necessitates a proactive approach to ESG. The Group continues to develop its approach to ESG in line with progressing standards, both regionally and globally.

Climate related risk

Climate risks relate to the financial and non-financial impacts that may arise as a result of climate change. There are two categories of climate risks: physical risks, as a result of climate change and environmental factors that are event driven (acute) or longer-term shifts (chronic) and may vary in severity and frequency across various scenarios, and transition risks, which arises from the shift to a low carbon economy. Managing climate risk is critical in the pursuit of sustainable growth and transitioning towards a low carbon economy. Both, physical and transition risks can affect households, businesses and the wider macroeconomy and manifest within the Group's principal risks in several ways.

The Group considers climate risk as part of the broader environmental and social risks. Our strategy on climate risk has been incorporated into the Group Risk Management Framework and is guided by the three-lines of defence approach.

The Group's Board of Directors bears the final responsibility for all aspects concerning climate related risks. The Board actively participates in shaping our ESG strategy and is regularly briefed on the progress of this strategy by the Executive Committee.

Impact of climate risk on accounting judgments and estimates

The Group is currently assessing the financial impacts associated with climate-related credit risk. Using the results of ongoing analysis, the Group intends to highlight and address risks and opportunities which present immediate and anticipated effects on financial position, performance and planning as well as cashflows and to disclose the actions taken to manage these risks and opportunities.

As at 31 December 2024, the Group raised sukuk payable amounting to AED 2,754 million via sustainable and green financings in capital markets.

36 Risk management (continued)

V. Risk management framework and processes at Group entities

In establishing risk management policies & processes at the Group entities level, due consideration is given to the entities' specific regulatory environment.

W. Internal Audit's role in overall risk management

The Group Internal Audit is an independent appraisal function established by the Board of Directors to examine and evaluate the activities of the Group including all aspects of the Group Risk Management. The department is organisationally independent of all other functions in the bank. The unit is headed by the Chief Audit Officer, who is accountable to the Board of Directors through the Board Audit Committee.

The primary objectives of Group Internal Audit is to provide assurance on risks to which the Group' business are exposed, evaluate the adequacy and effectiveness of financial/operating controls and the Corporate Governance environment, assess the extent to which assets are accounted for and safeguarded from losses and conduct follow-up activities to assess and report on the degree to which management has addressed risks and compliance with action plans previously agreed.

The unit's mission is achieved through a risk based annual audit plan approved by the Board Audit Committee. A formal report is prepared at the end of each quarter which includes a summary of audit activity completed during the period and an update on the status of previously reported matters for Board Audit Committee attention.

The Board Audit Committee reviews and approves Group Internal Audit's plans and resources, and evaluates the effectiveness of the Internal Audit function. External advisers also periodically conduct an assessment of the function.

37 LEGAL PROCEEDINGS

Litigation is a common occurrence in the banking industry due to the nature of the business undertaken. The Group is party to legal proceedings and regulatory matters arising out of its normal business operations. The Group has proper controls and policies for managing legal claims. The recognition of provisions is determined in accordance with the accounting policies set out in Note 6. While the outcomes of legal proceedings and regulatory matters are inherently uncertain, management believes that, based on the information available to it, appropriate provisions have been made in respect of these matters as at 31 December 2024. Any provision recognised does not constitute an admission of wrongdoing or legal liability. Based on the information available, no material adverse impact on the financial position of the Group is expected to arise from legal claims as at 31 December 2024 other than to the extent already provided.

38 SOCIAL CONTRIBUTIONS

Earnings prohibited by Shariah for 2024 amount to AED 4.7 million (2023: AED 9.6 million). The social contributions (including donations and charity) made during the year amount to AED 37.0 million (2023: AED 50.5 million).

39 COMPARATIVE AMOUNTS

Certain prior year comparatives have been reclassified wherever necessary to conform to the presentation adopted in the current year.

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