

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited consolidated financial statements of Emirates Islamic Bank PJSC (“the Bank”) and its subsidiaries (collectively known as “the Group”) for the year ended 31 December 2021.

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 the 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 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

The Group reported a strong set of financial results delivering a net profit of AED 823 million for 2021, which represents an increase of 271 per cent over 2020, mainly from higher non-funded income coupled with a reduction in cost of risk.

Emirates Islamic continued to maintain healthy liquidity and strong capital ratios, enabling the Bank to grow Customer Financing by 4%, in line with improved economic activity.

We continue to focus on maintaining a strong balance sheet with strong risk oversight whilst effectively managing cost of risk and ensuring healthy coverage ratios.

During 2021, we successfully issued a US\$500 million 5-year Sukuk issued from our US\$ 2.5 billion Certificate Issuance Programme. The landmark issuance, rated A+ by Fitch, is listed on NASDAQ Dubai and Euronext Dublin’s Regulated Market. Investors showed strong appetite which resulted in an order book that peaked at USD\$ 1.3 billion, which was 2.6 times the issuance size with a profit rate of 2.082% per annum, representing the lowest spread ever paid by a UAE bank since 2008 for a US\$ benchmark public debt issuance. The issuance, well received by the global investment community, demonstrates strong investor confidence in our financials and growth outlook, as well as a favorable outlook for the UAE economy.

2021 was a milestone year for the UAE as the nation proudly celebrated its golden jubilee and successfully, safely and responsibly welcomed the world to Expo 2020 Dubai. Emirates Islamic is proud to be the official Islamic banking partner of Expo 2020 Dubai and showcase the ethical values of Islamic Banking, the world’s oldest and most relevant banking system.

We continue to focus on the development of our Emirati talent, empowering them to play a leading role in shaping the industry's future.

We remain grateful to the leadership of our great nation for their ongoing swift and extraordinary

response to the global pandemic. We are committed to ensuring a healthy and safe working environment for our employees and continue to focus on adoption of all necessary precautionary measures, as applicable.

As Covid-19 continued to alter the way we live, work and bank, we further enhanced our digital solutions which helped increase customer adoption of digital banking and we will continue to invest in technology to enhance digital services provided to our customers.

Holding true to our core Shariah principles, the Group has provided additional support to approximately 14% of its customers, primarily through deferrals of over AED 2.5 billion of profit and principal payments since Q2-2020. We are proud of our Islamic heritage, and as part of our commitment to the society, we contributed over AED 51 million in 2021 through the Emirates Islamic Charity Fund for a range of humanitarian causes across the UAE.

Equity Holders Funds

Total Equity holders' funds as at the end of 2021 stands at AED 8,551 million (2020: AED 7,852 million).

Proposed Appropriations

The Directors propose the following appropriations from retained earnings:

	AED million

Retained earnings as at 01 January 2021	1,111.0
Group profit for the year	823.1
Other comprehensive income	(0.4)
Transfer to Legal and Statutory reserve	(110.9)

Retained earnings available for appropriation	1,822.8
(a) Directors' fees for 2021	(7.0)
(b) Zakat	(41.7)

Balance of retained earnings as at 31 December 2021	1,774.1

Attendance of Directors at Board/ Board Committee meetings during 2021

The Board of Directors comprises of the following members:

Mr. Hesham Abdulla Al Qassim	Chairman
Mr. Buti Obaid Buti Al Mulla	Vice Chairman
Mr. Shoaib Mir Hashim Khoory	Director
Mr. Mohamed Hamad Obaid Al Shehi	Director
Mr. Mohamed Hadi Ahmed Al Hussaini	Director
Mr. Ali Humaid Ali Al Owais	Director
Mr. Shayne Nelson	Director

Total Number of Board Meetings: 6

Board Audit Committee

Mr. Mohamed Hamad Obaid Al Shehi	Chairman
Mr. Shoaib Mir Hashem Khoory	Member
Mr. Hesham Abdulla Al Qassim	Member
Mr. Shayne Nelson	Member

Total Number of Meetings: 4

Board Nomination & Remuneration Committee

Mr. Buti Obaid Buti Al Mulla	Chairman
Mr. Hesham Abdulla Al Qassim	Member
Mr. Ali Humaid Ali Al Owais	Member
Mr. Shayne Nelson	Member

Total Number of Meetings: 4

Board Risk Committee

Mr. Ali Humaid Ali Al Owais	Chairman
Mr. Hesham Abdulla Al Qassim	Member
Mr. Buti Obaid Buti Al Mulla	Member
Mr. Shayne Nelson	Member

Total Number of Meetings: 4

Board Credit and Investment Committee

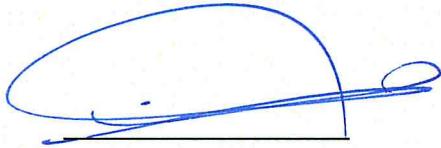
Mr. Shoaib Mir Hashem Khoory	Chairman
Mr. Hesham Abdulla Al Qassim	Member
Mr. Mohamed Hamad Obaid Al Shehi	Member
Mr. Mohamed Hadi Ahmad Al Hussaini	Member
Mr. Ali Humaid Ali Al Owais	Member
Mr. Shayne Nelson	Member

Total Number of Meetings: 46

Auditors:

Deloitte & Touche were appointed as auditors of the Group for 2021 financial year in the Annual General Meeting held on 24th February 2021.

On behalf of the Board



Chairman

Dubai, UAE

25 January 2022