بنك دبي الإسلامي
Dubai Islamic Bank
#ReadyForTheNew

Integrated Annual Report 2021

Annual Financial Report 2021

بنك دبي الإسلامي
Dubai Islamic Bank

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Agenda for the Annual General Assembly Meeting of Dubai Islamic Bank P.J.S.C.

Dear Shareholders of Dubai Islamic Bank (PJSC),

The Board of Directors of Dubai Islamic Bank PJSC ("the Bank") is pleased to invite all shareholders to attend the Annual General Assembly Meeting ("AGM") of the Bank at 4.30pm on Tuesday 1 March 2022 in the Auditorium at the Dubai Chamber of Commerce, Baniyas Street, Deira Dubai. If there is no quorum, the second meeting will be held at the same time and venue on Tuesday 8 March 2022. Shareholders will have the option to attend the AGM physically, or to attend remotely/online through the use of remote presence technology/virtual meetings with visual communication and electronic voting during the AGM (the link to attend the AGM will be sent to shareholders by text message by the Dubai Financial Market ("DFM"), to review and discuss the following agenda:

1. Review and ratification of the Board of Directors' report on the Bank's activities and financial position in relation to the financial year ended 31/12/2021.

2. Review and ratification of the Auditor's report for the financial year ended 31/12/2021.

3. Review the Internal Sharia Supervision Committee report in relation to the Bank's activities during the financial year ended 31/12/2021 and ratification thereof.

4. Discussion and approval of the Bank's Balance Sheet and Profit and Loss Statement for the year ended 31/12/2021 and ratification thereof.

5. Discussion and approval of the Board of Directors' recommendation in relation to cash dividends of 25% of the paid-up capital, aggregating to an amount of AED 1,806,777,725 (UAE Dirham one billion Eight hundred and Six million Seven hundred Seventy-Seven thousand Seven hundred Twenty-Five).

6. Review of the remuneration of the Board of Directors as per article no.169 of the Federal Act No. (2) of 2015 concerning the Commercial Companies ("Commercial Companies Law").

7. Discharge of the Board of Directors of the Bank from liability for the year ended 31/12/2021 or their termination and filing of a liability claim against them, as the case may be.

8. Discharge of the External Auditors of the Bank from liability for the year ended 31/12/2021 or their termination and filing of a liability claim against them, as the case may be.

9. Confirmation on the appointment of the members of the Internal Sharia Supervision Committee for the year 2022.

10. Appointment of the External Auditors of the Bank for the financial year 2022 and determination of their remuneration.

11 Appointment of representatives for shareholders who wish to be represented and to vote on their behalf.

12 Consider passing a Special Resolution:

- To authorise the Board of Directors of the Bank to issue any senior Sukuk and/or other similar instruments which are not convertible into shares, whether under a programme or otherwise, in an aggregate outstanding face amount not exceeding USD 7.5 billion (or the equivalent thereof in other currencies) at any time and to authorise the Board of Directors to determine and agree on the date of issuance, the amount, offering mechanism, transaction structure and other terms and conditions of any such issuance(s), provided that this is undertaken in compliance with the provisions of the Commercial Companies Law and any regulations or guidelines issued by any governmental or regulatory authority pursuant to such law and after obtaining approvals which may be required from the relevant competent regulatory authorities.

13 Consider passing a Special Resolution:

a. To approve the Board of Directors' recommendation to amend and restate the Articles of Association of the Bank. Shareholders can review the amended and restated Articles of Association on the websites of the Bank and DFM.

b. Subject to approving (a) above and obtaining the approvals from the relevant regulatory authorities, to authorize the Board of Directors of the Bank or any person so authorized by the Board of Directors of the Bank, to take all the necessary measures to issue the amendment and restatement of the Bank's Articles of Association.

Board of Directors' Report

Dear Shareholders,

السلام عليكم ورحمة الله وبركاته،

I am delighted to bring you, our esteemed shareholders, a set of annual results that reflect robust growth across the bank, driven by a prudent strategy and a precisely executed cost management approach. The bank's performance in 2021 has further solidified its reputation as a market leader and innovator in Islamic Finance. It is a performance that has delivered an incredible 39% growth in net profits, despite a lingering low rate environment.

In 2021, DIB continued to benefit from a well-diversified strategy of resource deployment with a stronger earnings contribution from each of our business lines. Whilst economic recovery is progressing at an uneven pace across various geographies and sectors, DIB has demonstrated operational resilience to withstand the challenges and remain profitable.

Our net profit for 2021 reached AED 4.4 billion, up from AED 3.1 billion in 2020. In an environment which is still impacted by the unprecedented pandemic, the Bank has managed to replenish its regular portfolio run-offs and unanticipated large repayments with additional gross financing of over AED 36 bln, which has allowed us to maintain the book to around last year's level.

Funding and liquidity remained strong with customer deposits standing at nearly AED 206 billion resulting in a finance to deposit ratio of 91%, easily amongst the best in the market. In addition, our dedication to helping Islamic markets has seen us take part and lead almost USD 25 billion of Sukuk and syndication transactions in 2021.

DIB has also successfully executed the increase in its Foreign Ownership Limit (FOL) from the previous level of 25% to the new enhanced one of 40%. This was driven by strong investor demand particularly from international institutional investors, whose confidence in the bank's strategy remains high.

Overall, the Bank's strong earnings and an efficient balance sheet demonstrate the power of our repositioned and well diversified business, which saw a significant rebound in EPS, return on equity, return on assets and capital ratios. Our performance validates the benefits of the quality investments we have made in past few years along with maturity of certain international investments. Contribution from international operations have demonstrated sustained growth in operating revenues and net profit.

Despite the pandemic, 2021 was a special year for all of us in the UAE as we celebrated 50 glorious years of nationhood. I am proud of the role that DIB has played in helping realize the vision of our leaders. The skills and capabilities of our people are integral to the nation's progress, which is why we celebrated the unique occasion of the UAE's Golden Jubilee by promoting 50 UAE nationals from within our workforce.

A crucial component in achieving sustainability is our firm belief in the importance of environmental, social and governance (ESG) principles. From education to cultural preservation, to healthcare, the bank will focus on companies that promote the betterment of living standards and the environment.

As we look to 2022, the bank's strategic direction is aligned with that of the UAE. Our newly unveiled positioning – **#ReadyForTheNew**, reflects the nature of the ever-evolving new world of today and necessitates the need for a new way of thinking, a new way of conducting ourselves, and certainly a new way of working. The DIB of 2021 and beyond is all about this new attitude. Our Purpose is to instill simplicity and convenience in all our offerings through a personal and engaging experience aligned to global sustainable practices for a better future. Supported with a new set of corporate values, this will ensure alignment to the current and evolving norms and will protect and nurture our business in the years to come.

On behalf of the Board and management of the bank, I would like to thank our shareholders, customers, and employees for their continued support of DIB in its quest for excellence. I wish all of you a very prosperous and fruitful 2022.

والسلام عليكم ورحمة الله وبركاته،

H.E. Mohammad Ibrahim Al Shaibani
Chairman,
Dubai Islamic Bank PJSC

DIB's Internal Shari'ah Supervision Committee's Report Presented to the General Assembly for year 2021

Issued on: 07 February 2022

To: Shareholders of Dubai Islamic Bank PJSC ("the Bank")

After greetings,

Pursuant to requirements stipulated in the relevant laws, regulations and standards ("the Regulatory Requirements"), the Internal Shari'ah Supervision Committee of the Bank ("ISSC") presents the ISSC's Annual Report for the financial year ending on 31 December 2021 ("Financial Year").

1 Responsibility of the ISSC

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

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

2 Shari'ah Standards

In accordance with the HSA's resolution (No. 18/3/2018), and with effect from 01/09/2018, the ISSC has adhered, without exception, to the Shari'ah standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as minimum Shari'ah requirements, in all fatwas, approvals, endorsements and recommendations, relating to the Bank's Activities for the financial year 2021, except ISSC's decision concerning one Syndicated Facility under Commodity Murabaha structure, dated on November 09, 2021. The ISSC will take the appropriate steps to amend any resolution to align it with the HSA's Decisions.

3 Duties Fulfilled by the ISSC During the Financial Year

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

a. Convening (11) meetings during the financial year.

b. Issuing fatwas, resolutions and opinions on matters presented to the ISSC in relation to the Bank's Activities.

c. Escalating, to the HSA Secretariat, any matters where a decision by the HSA is required.

d. Reviewing policies, procedures, accounting standards, product structures, contracts, documentation, charters, and other documentation submitted by the Bank to the ISSC for approval.

e. Ascertaining the level of compliance of allocation of expenditures and costs, and distribution of profits between investment accounts holders and shareholders with parameters set by the ISSC.

f. Supervision, through the Internal Shari'ah Control Department and the Internal Shari'ah Audit Department, of the Bank's Activities including supervision of executed transactions and adopted procedures on the basis of samples selected from executed transactions, and reviewing reports submitted in this regard.

g. Providing guidance to relevant departments in the Bank – to rectify (where possible) incidents cited in the reports prepared by internal Shari'ah Control Department and Internal Shari'ah Audit Department – and issuing resolutions with regard to forfeited income, derived from transactions in which non-compliance instances were identified, to be applied in charitable purposes.

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

i. The ISSC has reviewed and approved the Zakat calculation for the Bank, in accordance with AAOIFI standards and the Articles of Association and has notified the Bank for the necessary action.

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

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

4 Independence of the ISSC

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

5 The ISSC's Opinion on the Shari'ah Compliance Status of the Bank

Based on information and explanations provided to us for the purpose of ascertaining compliance with Shari'ah, the ISSC has concluded with a reasonable level of confidence, that the Bank's Activities during the Financial Year, are in compliance with Shari'ah, except for the incidents of non-compliance observed, as highlighted in the relevant reports. The ISSC also provided directions to take appropriate measures in this regard.

Signatures of members of the Internal Shari'ah Supervision Committee of the Bank

Dr. Mohamed Ali Ibrahim ElGari BinEid	**Chairman**	____________
Dr. Mohammad AbdulRahim Sultan Al Olama	**Member**	____________
Dr. Ibrahim Ali Abdalla Hamad AlMansoori	**Member**	____________
Dr. Mohamed Akram Bin Laldin	**Member**	____________
Dr. Muhammad Qaseem Muhammad Ismail	**Executive Member**	____________

Zakat due on DIB Shares for the Year 2021

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

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

Zakat pool per share	=	the market value of the share at the end of the Hijri year.
Zakat per share	=	[Zakat pool per share x 2.5775*]- 0.05173**
Total Zakat due on your shares	=	Zakat per share x number of shares

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

Zakat per share for the Gregorian year = 0.03573

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

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

Dubai Islamic Bank P.J.S.C.

Auditor’s report and consolidated financial statements
for the year ended 31 December 2021

Report and consolidated financial statements
for the year ended 31 December 2021

Deloitte.

INDEPENDENT AUDITOR'S REPORT

The Shareholders
Dubai Islamic Bank PJSC
Dubai
United Arab Emirates

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Dubai Islamic Bank** ("the Bank"), **and its subsidiaries** (together "the Group") which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

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

Key Audit Matters

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

Deloitte.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Dubai Islamic Bank PJSC (continued)

Key Audit Matters (continued)

Key audit matter	Our audit approach
Impairment of carrying value of Islamic financing and investing assets	
The Group's Islamic financing and investing assets are carried on the consolidated statement of financial position at AED 187 billion as at 31 December 2021. The expected credit loss ("ECL") allowance was AED 8.9 billion as at this date, which comprised an allowance of AED 1.9 billion against Stage 1 and 2 exposures and an allowance of AED 6.9 billion against exposures classified under Stage 3 and POCI. The audit of the impairment of Islamic financing and investing assets is a key area of focus because of its size (representing 67% of total assets) and due to the significance and complexity of the estimates and judgments, which were used in classifying Islamic financing and investing assets into various stages and determining the ECL. Refer to Note 5 of the consolidated financial statements for the accounting policy, Note 6 for critical judgements and estimates and Note 47.2 for disclosures on credit risk. The corporate portfolio of Islamic Financing and Investing assets is assessed individually for the significant increase in credit risk ("SICR") and measurement of ECL. This requires management to capture all qualitative and quantitative reasonable and supportable forward-looking information while assessing SICR, or while assessing credit-impaired criteria for the exposure. Management judgement is also applied in manually overriding stages in accordance with the Group's policies. The measurement of ECL for exposures classified as Stage 1 and Stage 2 are carried out by the models with limited manual intervention. However, it is important that models and its parameters (PD, LGD, EAD and macroeconomic adjustments) are valid throughout the reporting period and subject to validation process. The exposures are classified as impaired as soon as there is doubt about the borrower's ability to meet payment obligations to the Group in accordance with the original contractual terms.	We obtained a detailed understanding of the Group's Islamic financing and investing assets business processes including the critical accounting estimates and judgments used. We have involved our subject matter experts to assist us in auditing the ECL models as at 31 December 2021. We tested the design, implementation and operating effectiveness of the relevant controls which included testing: • System-based and manual controls over the timely recognition of impaired Islamic financing and investing assets and advances; • Controls over the ECL calculation models; • Controls over collateral valuation estimates; • Controls over governance and approval process related to impairment provisions and ECL models including continuous reassessment by the management. We understood and evaluated the theoretical soundness of the ECL model by involving our subject matter experts to ensure its compliance with the requirements of IFRS 9. We tested the mathematical integrity of the ECL model by performing recalculations. We assessed the consistency of various inputs and assumptions used by the Group's management to determine impairment. For allowances against exposures classified as Stage 1 and Stage 2, we obtained an understanding of the Group's methodology to determine the allowance, assessed the reasonableness of the underlying assumptions and the sufficiency of the data used by the management. We assessed the appropriateness of the Group's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages. For samples of exposures, we checked the appropriateness of the Group's staging.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Dubai Islamic Bank PJSC (continued)

Key Audit Matters (continued)

Key audit matter	**Our audit approach**
Impairment of carrying value of Islamic financing and investing assets 9 (continued)	
Impaired Islamic financing and investing assets are measured on the basis of the present value of expected future cash flows including observable market price or fair value of the collateral. The impairment loss is calculated based on the shortfall in the Islamic financing and investing assets carrying value compared to the net present value of future cash flows using original effective profit rate. The factors considered when determining impairment losses on individually assessed accounts include the customer's aggregate borrowings, risk rating, value of the collateral and probability of successful repossession and the costs involved to recover the debts.	For forward looking assumptions used by the Group's management in its ECL calculations, we held discussions with management and corroborated the assumptions using publicly available information. We selected samples of Islamic financing and investing assets and assessed the accuracy of the Exposure at Default ("EAD"), appropriateness of the Probability of Default ("PD") and calculations of the Loss Given Default ("LGD") used by management in their ECL calculations. For exposures determined to be individually impaired, we tested samples of Islamic financing and investing assets and examined management's estimate of future cash flows, assessed their reasonableness and assessed the resultant allowance calculations. Further, we challenged the estimates and assumptions used by management around the LGD calculation for individually impaired exposures by testing the enforceability and adequacy of valuation of underlying collaterals and estimated recovery on default. We also, assessed the accuracy of disclosures in the consolidated financial statements to determine if they were in compliance with the requirements of IFRS.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Dubai Islamic Bank PJSC (continued)

Key Audit Matters (continued)

Key audit matter	Our audit approach
IT systems and controls over financial reporting	
We identified IT systems and controls over the Bank's financial reporting as an area of focus due to the extensive volume and variety of transactions which are processed daily by the Bank and rely on the effective operation of automated and IT dependent manual controls. There is a risk that automated accounting procedures and related internal controls are not accurately designed and operating effectively. In particular, the incorporated relevant controls are essential to limit the potential for fraud and error as a result of change to an application or underlying data.	Our audit approach relies on automated controls and therefore the following procedures were designed to test access and control over IT systems: We obtained an understanding of the applications relevant to financial reporting and the infrastructure supporting these applications. We tested IT general controls relevant to automated controls and computer-generated information covering access security, program changes, data centre and network operations. We examined computer generated information used in financial reports from relevant applications and key controls over their report logics. We performed testing on the key automated controls on significant IT systems relevant to business processes.

Other Information

Management is responsible for the other information. The other information comprises the Board of Directors' report which we obtained prior to the date of this auditors' report and the Fatwa and Sharia Supervision Board's report which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining information of the annual report of the Group, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Dubai Islamic Bank PJSC (continued)

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 IFRSs and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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 ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

Deloitte.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Dubai Islamic Bank PJSC (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the UAE Federal Law No. (2) of 2015, we report that for the year ended 31 December 2021:

- we have obtained all the information we considered necessary for the purposes of our audit;
- the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;
- the Bank has maintained proper books of account;
- the financial information included in the Directors' report is consistent with the Bank's books of account;
- note 11 to the financial statements of the Bank discloses its investments in shares during the financial year ended 31 December 2021;
- note 43 to the financial statements of the Bank discloses material related party transactions, the terms under which they were conducted and principles of managing conflict of interests;
- note 31 to the financial statements discloses social contributions made during the financial year ended 31 December 2021; and
- based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Bank has contravened during the financial year ended 31 December 2021 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2021.

Further, as required by Article (114) of the Decretal Federal Law No. (14) of 2018, we report that we have obtained all the information and explanations we considered necessary for the purpose of our audit.

Deloitte & Touche (M.E.)

Musa Ramahi
Registration No. 872
25 January 2022
Dubai
United Arab Emirate

Consolidated statement of financial position
as at 31 December 2021

	Note	**2021 AED'000**	2020 AED'000
ASSETS			
Cash and balances with central banks	*7*	**28,079,740**	29,205,588
Due from banks and financial institutions	*8*	**3,303,412**	6,448,591
Islamic financing and investing assets, net	*9*	**186,690,551**	196,689,031
Investments in sukuk	*10*	**41,794,357**	35,354,915
Other investments measured at fair value	*11*	**1,229,469**	1,110,962
Investments in associates and joint ventures	*12*	**1,944,838**	1,939,043
Properties held for development and sale	*13*	**1,571,508**	1,391,038
Investment properties	*14*	**5,499,123**	5,947,023
Receivables and other assets	*15*	**7,474,484**	10,039,628
Property and equipment	*16*	**1,494,088**	1,430,634
Total assets		**279,081,570**	289,556,453
LIABILITIES AND EQUITY			
LIABILITIES			
Customers' deposits	*18*	**205,845,090**	205,925,218
Due to banks and financial institutions	*19*	**2,583,743**	13,496,078
Sukuk issued	*20*	**20,562,734**	18,744,131
Payables and other liabilities	*21*	**8,250,762**	7,914,633
Zakat payable	*23*	**374,615**	346,018
Total liabilities		**237,616,944**	246,426,078
EQUITY			
Share capital	*24*	**7,240,744**	7,240,744
Tier 1 sukuk	*25*	**8,264,250**	11,937,250
Other reserves and treasury shares	*26*	**14,084,668**	13,784,668
Investments fair value reserve	*27*	**(972,955)**	(1,102,451)
Exchange translation reserve	*28*	**(1,313,911)**	(1,176,707)
Retained earnings		**11,563,298**	9,859,636
Equity attributable to owners and sukukholders of the Bank		**38,866,094**	40,543,140
Non-controlling interests	*17.3*	**2,598,532**	2,587,235
Total equity		**41,464,626**	43,130,375
Total liabilities and equity		**279,081,570**	289,556,453

To the best of our knowledge, the consolidated financial statements present fairly in all material respects the financial position, financial performance and cash flows of the Group as of, and for, the periods presented therein.

These consolidated financial statements were approved by the Board of Directors and authorized for issue on 25 January 2022 and signed on its behalf:

H.E. Mohammad Ibrahim Al Shaibani **Chairman**	**Abdulla Ali Al Hamli** **Managing Director**	**Dr. Adnan Chilwan** **Group Chief Executive Officer**

The notes on pages 13 to 98 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss
for the year ended 31 December 2021

	Note	2021 AED'000	2020 AED'000
NET INCOME			
Income from Islamic financing and investing transactions	31	**9,012,708**	10,370,351
Commissions, fees and foreign exchange income	32	**1,654,805**	1,645,616
Income from other investments measured at fair value, net	33	**20,602**	50,661
Income from properties held for development and sale, net	34	**82,451**	53,693
Income from investment properties	35	**224,635**	83,287
Share of profit from associates and joint ventures	12.4	**115,948**	20,141
Other income	36	**683,855**	918,582
Total income		**11,795,004**	13,142,331
Less: depositors' and sukuk holders' share of profit	37	**(2,373,425)**	(3,671,626)
Net income		**9,421,579**	9,470,705
OPERATING EXPENSES			
Personnel expenses	38	**(1,511,374)**	(1,699,532)
General and administrative expenses	39	**(838,565)**	(837,682)
Depreciation of investment properties	14.1	**(57,841)**	(56,678)
Depreciation of property and equipment	16	**(121,497)**	(134,028)
Total operating expenses		**(2,529,277)**	(2,727,920)
Net operating income before net impairment charges and taxation		**6,892,302**	6,742,785
Impairment charges, net	40	**(2,448,172)**	(4,551,689)
Gain on bargain purchase	50.2	**-**	1,014,654
Profit for the year before income tax expense		**4,444,130**	3,205,750
Income tax expense	22.3	**(38,102)**	(46,063)
Net profit for the year		**4,406,028**	3,159,687
Attributable to:			
Owners of the Bank		**4,390,996**	3,293,820
Non-controlling interests	17.3	**15,032**	(134,133)
Net profit for the year		**4,406,028**	3,159,687
Basic and diluted earnings per share (AED per share)	41	**0.53**	0.38

The notes on pages 13 to 98 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
for the year ended 31 December 2021

	2021 AED'000	2020 AED'000
Net profit for the year	**4,406,028**	3,159,687
Other comprehensive income / (loss) items		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations, net	**(137,204)**	(81,962)
Fair value (loss) / gain on sukuk investment	**(554)**	3,164
Items that will not be reclassified subsequently to profit or loss:		
Fair value gain / (loss) on other investments carried at FVTOCI, net	**130,557**	(317,913)
Other comprehensive loss for the year	**(7,201)**	(396,711)
Total comprehensive income for the year	**4,398,827**	2,762,976
Attributable to:		
Owners of the Bank	**4,383,288**	2,901,209
Non-controlling interests	**15,539**	(138,233)
Total comprehensive income for the year	**4,398,827**	2,762,976

The notes on pages 13 to 98 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
for the year ended 31 December 2021

	Share capital AED'000	Tier 1 sukuk AED'000	Other reserves and treasury shares AED'000	Investments fair value reserve AED'000	Exchange translation reserve AED'000	Retained earnings AED'000	Total AED'000	Non-controlling interests AED'000	Total equity AED'000
	---Equity attributable to owners and sukukholders of the Bank---								
Balance at 1 January 2020	6,589,585	6,427,750	11,112,963	(1,174,698)	(1,094,745)	10,131,960	31,992,815	2,739,256	34,732,071
Net profit / (loss) for the year	-	-	-	-	-	3,293,820	3,293,820	(134,133)	3,159,687
Other comprehensive loss for the year	-	-	-	(310,649)	(81,962)	-	(392,611)	(4,100)	(396,711)
Total comprehensive income / (loss) for the year	-	-	-	(310,649)	(81,962)	3,293,820	2,901,209	(138,233)	2,762,976
Transaction with owners directly in equity:									
Dividend paid	-	-	-	-	-	(2,529,489)	(2,529,489)	(3,200)	(2,532,689)
Zakat (note 23)	-	-	-	-	-	(345,777)	(345,777)	(3,836)	(349,613)
Issue of shares	651,159	-	2,923,705	-	-	-	3,574,864	-	3,574,864
Additional Tier 1 from business combination (note 50)	-	1,836,500	-	-	-	-	1,836,500	-	1,836,500
Issue of Tier 1 sukuk	-	3,673,000	-	-	-	-	3,673,000	-	3,673,000
Tier 1 sukuk profit distribution	-	-	-	-	-	(534,877)	(534,877)	-	(534,877)
Tier 1 sukuk issuance cost	-	-	-	-	-	(4,930)	(4,930)	-	(4,930)
Board of Directors' remuneration	-	-	-	-	-	(20,000)	(20,000)	-	(20,000)
Regulatory credit risk reserve	-	-	(252,000)	-	-	252,000	-	-	-
Transfer on disposal of other investments carried at FVTOCI	-	-	-	382,896	-	(382,896)	-	-	-
Others	-	-	-	-	-	(175)	(175)	(6,752)	(6,927)
Balance at 31 December 2020	7,240,744	11,937,250	13,784,668	(1,102,451)	(1,176,707)	9,859,636	40,543,140	2,587,235	43,130,375
Balance at 1 January 2021	**7,240,744**	**11,937,250**	**13,784,668**	**(1,102,451)**	**(1,176,707)**	**9,859,636**	**40,543,140**	**2,587,235**	**43,130,375**
Net profit for the year	**-**	**-**	**-**	**-**	**-**	**4,390,996**	**4,390,996**	**15,032**	**4,406,028**
Other comprehensive income / (loss) for the year	**-**	**-**	**-**	**129,496**	**(137,204)**	**-**	**(7,708)**	**507**	**(7,201)**
Total comprehensive income / (loss) for the year	**-**	**-**	**-**	**129,496**	**(137,204)**	**4,390,996**	**4,383,288**	**15,539**	**4,398,827**
Transaction with owners directly in equity:									
Dividend paid (note 29)	**-**	**-**	**-**	**-**	**-**	**(1,445,422)**	**(1,445,422)**	**-**	**(1,445,422)**
Zakat (note 23)	**-**	**-**	**-**	**-**	**-**	**(360,241)**	**(360,241)**	**(3,711)**	**(363,952)**
Issue of Tier 1 sukuk	**-**	**1,836,500**	**-**	**-**	**-**	**-**	**1,836,500**	**-**	**1,836,500**
Redemption of Tier 1 sukuk	**-**	**(5,509,500)**	**-**	**-**	**-**		**(5,509,500)**	**-**	**(5,509,500)**
Tier 1 sukuk profit distribution	**-**	**-**	**-**	**-**	**-**	**(554,393)**	**(554,393)**	**-**	**(554,393)**
Tier 1 sukuk issuance cost	**-**	**-**	**-**	**-**	**-**	**(2,778)**	**(2,778)**	**-**	**(2,778)**
Board of Directors' remuneration	**-**	**-**	**-**	**-**	**-**	**(24,500)**	**(24,500)**	**-**	**(24,500)**
Regulatory credit risk reserve	**-**	**-**	**300,000**	**-**	**-**	**(300,000)**	**-**	**-**	**-**
Others	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(531)**	**(531)**
Balance at 31 December 2021	**7,240,744**	**8,264,250**	**14,084,668**	**(972,955)**	**(1,313,911)**	**11,563,298**	**38,866,094**	**2,598,532**	**41,464,626**

The notes on pages 13 to 98 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
for the year ended 31 December 2021

	2021 AED'000	2020 AED'000
Operating activities		
Profit for the year before income tax expense	**4,444,130**	3,205,750
Adjustments for:		
Share of profit of associates and joint ventures	**(115,948)**	(20,141)
Gain from disposal of properties held for development and sale	**(82,451)**	(53,693)
Dividend income	**(20,602)**	(50,271)
Loss on disposal of other investments measured at fair value	**-**	(389)
Revaluation of investments at fair value through profit or loss	**-**	(1)
Gain on sale of investments in sukuk	**(415,525)**	(526,326)
Gain on disposal of property and equipment	**(13,319)**	(5,498)
Gain from investment properties	**(128,314)**	(18,382)
Depreciation of property and equipment	**121,497**	134,028
Depreciation of investment properties	**57,841**	56,678
Loss on dilution in investment in associates and joint ventures	**-**	22,158
Amortization of sukuk discount	**4,869**	4,312
Provision for employees' end-of-service benefits	**33,441**	33,131
Amortization of intangibles	**67,795**	67,795
Gain on disposal of associate	**(75,000)**	-
Gain on bargain purchase	**-**	(1,014,654)
Impairment charge for the year, net	**2,448,172**	4,551,689
Operating cash flow before changes in operating assets and liabilities	**6,326,586**	6,386,186
(Increase) / decrease in deposits and international murabaha with over three months maturity	**(146,900)**	49,924
Decrease / (increase) in Islamic financing and investing assets	**7,442,941**	(19,096,056)
Decrease / (increase) in receivables and other assets	**1,964,240**	(110,020)
Increase in customers' deposits	**510,261**	6,358,059
(Decrease) / increase in due to banks and other financial institutions	**(10,104,622)**	7,815,947
Decrease in payables and other liabilities and zakat payable	**(2,408)**	(2,196,779)
Cash generated from / (used in) operations	**5,990,098**	(792,739)
Employees' end-of-service benefits paid	**(16,686)**	(37,685)
Tax paid	**(44,783)**	(56,072)
Net cash generated from / (used in) operating activities	**5,928,629**	(886,496)
Investing activities		
Net movement in investments in Sukuk	**(6,213,486)**	2,471,463
Net movement in other investments measured at fair value	**13,303**	231,927
Dividend received	**20,602**	50,271
Additions to properties held for development and sale	**(259,756)**	(272,149)
Proceeds from disposal of properties held for development and sale	**314,018**	226,943
Additions to investment properties	**(350,842)**	(24,468)
Proceeds from disposal of investment properties	**908,867**	-
Movement in investments in associates and joint ventures	**38,829**	(7,214)
Additions of property and equipment, net	**(171,633)**	(199,012)
Net cash (used in) / generated from investing activities	**(5,700,098)**	2,477,761

The notes on pages 13 to 98 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows (continued)
for the year ended 31 December 2021

	2021 AED'000	2020 AED'000
Financing activities		
Issuance of sukuk financing instruments	**3,671,325**	4,780,625
Repayment of sukuk financing instruments	**(1,836,500)**	(4,407,568)
Tier 1 sukuk issuance	**1,836,500**	3,673,000
Tier 1 sukuk redemption	**(5,509,500)**	-
Tier 1 sukuk profit distribution	**(554,393)**	(534,877)
Tier 1 sukuk issuance cost	**(2,778)**	(4,930)
Dividend paid	**(1,445,422)**	(2,532,689)
Net cash (used in) / generated from financing activities	**(3,840,768)**	973,561
Net (decrease) / increase in cash and cash equivalents	**(3,612,237)**	2,564,826
Cash and cash equivalents at the beginning of the year	**33,883,760**	22,229,709
Cash and cash equivalents from business combination (note 50)	**-**	9,110,587
Effect of exchange rate changes on the balance of cash held in foreign currencies	**2,023**	(21,362)
Cash and cash equivalents at the end of the year (note 42)	**30,273,546**	33,883,760

The notes on pages 13 to 98 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements
for the year ended 31 December 2021

1. Legal status and principal activity

Dubai Islamic Bank (Public Joint Stock Company) (the "Bank") was incorporated by an Amiri Decree issued on 29 Safar 1395 Hijri, corresponding to 12 March 1975 by His Highness, the Ruler of Dubai, to provide banking and related services based on Islamic Sharia'a principles. It was subsequently registered under the Commercial Companies Law number 8 of 1984 (as amended) as a Public Joint Stock Company.

The accompanying consolidated financial statements combine the activities of the Bank and its subsidiaries as disclosed in note 17 (together referred to as the "Group").

The Bank is listed on the Dubai Financial Market (Ticker: "DIB").

The Group is primarily engaged in corporate, retail and investment banking activities and carries out its operations through its local branches and overseas subsidiaries. The principal activities of the Group entities are described in note 17 to these consolidated financial statements.

The registered head office of the Bank is at P.O. Box 1080, Dubai, United Arab Emirates.

2 Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 New and revised IFRSs applied on the consolidated financial statements

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2021, have been adopted in these financial statements. The application of these revised IFRS has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to phase 2 of profit rate benchmark reforms (refer note 51).

2.2 New and revised IFRSs in issue but not yet effective

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

New and revised IFRS	**Effective for annual periods beginning on or after**
Amendments to IAS 16 *Property, plant and equipment* relating to proceeds before intended use.	1 January 2022
Amendment to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* relating to onerous contracts.	1 January 2022
Amendments to IFRS 3 *Business Combinations* relating to reference to conceptual framework	1 January 2022
Annual improvements to IFRS standards 2018 - 2020	1 January 2022
Amendments to IAS 8 *Accounting policies, Changes in accounting estimates and errors*	1 January 2023
Amendments to IAS 1 *Presentation of Financial Statements* relating to classification of Liabilities as Current or Non-Current	1 January 2023
Amendment to IFRS 17 *Insurance contracts*	1 January 2023
Amendment to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* relating to treatment of sale or contribution of assets from investors	Effective date deferred indefinitely.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's financial statements for the period of initial application and adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the Bank in the period of initial application.

Notes to the consolidated financial statements
for the year ended 31 December 2021

3 Definitions

The following terms are used in the consolidated financial statements with the meaning specified below:

3.1 Murabaha

A contract whereby the Group (the “Seller”) sells an asset to its customer (the “Purchaser”), on a deferred payment basis, after purchasing the asset and gaining possession thereof and title thereto, where the Seller has purchased and acquired that asset, based on a promise received from the Purchaser to buy the asset from the Seller according to specific Murabaha terms and conditions. The Murabaha sale price comprises the cost of the asset and a pre-agreed profit amount. Murabaha profit is internally accounted for on a time-apportioned basis over the period of the contract based on the principal amount outstanding. The Murabaha sale price is paid by the Purchaser to the Seller on an installment basis over the period of the Murabaha as stated in the contract.

3.2 Salam finance

A contract whereby the Group purchases a fixed quantity of a specified commodity and pays the full Salam price of the commodity in advance, whereas the customer delivers the quantity of the commodities in accordance with an agreed delivery schedule. The Group makes profit on Salam transactions, when the Salam commodities are received from the Salam customer and subsequently sold to a third party at profit. Salam profit is internally accounted for on a time-apportioned basis over the period of the Salam contract based on the value of the outstanding Salam commodities.

3.3 Istisna’

A sale contract between two parties whereby the Group (the “Sani” or “Seller”) undertakes to construct or manufacture, for its customer (the “Mustasni” or “Purchaser”), a specific asset or property (being “Al-Masnoo”) according to certain pre-agreed specifications to be delivered during a pre-agreed period of time in consideration of a pre-determined price, which comprises the cost of construction or manufacturing and a profit amount. The work undertaken is not required to be carried out by the Sani’ alone and the whole or part of the construction/development or manufacturing can be undertaken by third parties but it would be the responsibility of the Sani’ to deliver the asset at the agreed time. Under an Istisna’ contract the Group could be the Sani’ or the Mustasni’. Istisna’ profit (difference between the sale price of Al-Masnoo to the customer and the Group total Istisna’ cost) is internally accounted for on a time-apportioned basis over the period of the contract based on the principal amount outstanding.

3.4 Ijarah

3.4.1 Ijarah Muntahiya Biltamleek

An agreement whereby the Group (the “Lessor”) leases an asset to its customer (the “Lessee”) (after purchasing/acquiring the specified asset, either from a third party seller or from the customer itself, according to the customer’s request and based on his promise to lease), against certain rental payments for specific lease term/periods, payable on fixed or variable rental basis.

The Ijarah agreement specifies the leased asset, duration of the lease term, as well as, the basis for rental calculation and the timing of rental payment. The Lessee undertakes under this agreement to renew the lease periods and pay the relevant rental payment amounts as per the agreed schedule and applicable formula throughout the lease term.

The Lessor retains the ownership of the asset throughout the lease term. At the end of the lease term, upon fulfillment of all the obligations by the Lessee under the Ijarah agreement, the Lessor will sell the leased asset to the Lessee at nominal value based on a sale undertaking given by the Lessor.

Ijarah rentals accrue upon the commencement of the lease and continues throughout the lease term based on the outstanding fixed rental (which predominantly represent the cost of the leased asset).

Notes to the consolidated financial statements
for the year ended 31 December 2021

3 Definitions (continued)

3.4 Ijarah (continued)

3.4.2 Forward Ijarah

Forward Ijarah (Ijarah Mausoofa Fiz Zimma) is an agreement whereby the Group (the "Lessor") agrees to provide, on a specified future date, a certain described asset on lease to its customer (the "Lessee") usually upon its completion and delivery by the developer, contractor or customer, from whom the Group has purchased the same by way of Istisna (Seller).

The Forward Ijarah agreement specifies the description of the leased asset, duration of the lease term, and the basis for rental calculation and the timing of rental payment.

During the construction period, the Group pays to the Seller one payment or multiple payments, Forward Ijarah variable rent during the construction period will be accounted for on a time-apportioned basis over the construction period on account of rentals. These rental amounts are received either during the construction period as advance rental payment or with the first or second rental payment after the commencement of the lease.

The lease rental under Forward Ijarah commences only upon the Lessee having received possession of the leased asset from the Lessor. The Lessee undertakes under the Forward Ijarah agreement to renew the lease periods and pay the relevant rental payment amounts as per the agreed schedule and applicable formula throughout the lease term.

The Lessor retains the ownership of the asset throughout the lease term. At the end of the lease term, upon fulfillment of all the obligations by the Lessee under the Forward Ijarah agreement, the Lessor will sell the leased asset to the Lessee at nominal value based on a sale undertaking given by the Lessor.

In case the Group fails to give possession of the asset under Forward Ijarah to the lessee, the Forward Ijarah will be cancelled and the Group will refund all on account rentals collected during the construction period to the lessee.

3.5 Musharaka

An agreement between the Group and its customer, whereby both parties contribute towards the capital of the Musharaka (the "Musharaka Capital"). The Musharaka Capital may be contributed in cash or in kind, as valued at the time of entering into the Musharaka. The subject of the Musharaka may be a certain investment enterprise, whether existing or new, or the ownership of a certain property either permanently or according to a diminishing arrangement ending up with the acquisition by the customer of the full ownership. The profit is shared according to a pre-agreed profit distribution ratio as stipulated under the Musharaka agreement. In principle Musharaka profit is distributed on liquidation of the Musharaka and declaration/distribution by the managing partner. However, since the actual liquidation is not possible, Sharia allows constructive liquidation of the Musharaka and distribution of profit based upon it. However, the loss, if any, is shared in proportion to their capital contribution ratios, provided in the absence of the managing partner's negligence, breach or default, the Group receives satisfactory evidence that such loss was due to force majeure and that the managing partner neither was able to predict the same nor could have prevented the negative consequences of the same on the Musharaka.

3.6 Mudaraba

A contract between two parties whereby one party is a fund provider (the "Rab Al Mal") who would provide a certain amount of funds (the "Mudaraba Capital"), to the other party (the "Mudarib"). Mudarib would then invest the Mudaraba Capital in a specific enterprise or activity deploying its experience and expertise for a specific pre-agreed share in the resultant profit, if any. The Rab Al Mal is not involved in the management of the Mudaraba activity. In principle Mudaraba profit is distributed on liquidation of the Mudaraba and declaration/distribution by the Mudarib. However, since the actual liquidation is not possible, Sharia allows constructive liquidation of the Mudaraba and distribution of profit based upon it. The Mudarib shall bear the loss in case of its default, negligence or violation of any of the terms and conditions of the Mudaraba contract; otherwise the loss would be borne by the Rab Al Mal, provided the Rab Al Mal receives satisfactory evidence that such loss was due to force majeure and that the Mudarib neither was able to predict the same nor could have prevented the negative consequences of the same on the Mudaraba. Under the Mudaraba contract the Group may act either as Mudarib or as Rab Al Mal, as the case may be.

Notes to the consolidated financial statements
for the year ended 31 December 2021

3 Definitions (continued)

3.7 Wakala

An agreement between two parties whereby one party is a fund provider (the "Muwakkil") who provides a certain amount of money (the "Wakala Capital") to an agent (the "Wakeel"), who invests the Wakala Capital in a Sharia compliant manner and according to the feasibility study/investment plan submitted to the Muwakkil by the Wakeel. The Wakeel is entitled to a fixed fee (the "Wakala Fee") as a lump sum amount or a percentage of the Wakala Capital and Muwakkil is entitled to the entire profit generated from the Wakala. The Wakeel may be granted any excess over and above a certain pre-agreed rate of return as a performance incentive. In principle, wakala profit is distributed on liquidation of Wakala Capital and declaration/distribution by the Wakeel. However, since the actual liquidation is not possible, Sharia allows constructive liquidation of the Mudaraba and distribution of profit based upon it. The Wakeel would bear the loss in case of its default, negligence or violation of any of the terms and conditions of the Wakala Agreement; otherwise the loss would be borne by the Muwakkil, provided the Muwakkil receives satisfactory evidence that such loss was due to force majeure and that the Wakeel neither was able to predict the same nor could have prevented the negative consequences of the same on the Wakala. Under the Wakala agreement the Group may act either as Muwakkil or as Wakeel, as the case may be.

3.8 Sukuk

Sukuk is the plural of "Suk" and the term is defined as "investment certificates of equal denomination representing undivided ownership interests in a portfolio of eligible assets. Sukuk commonly refers to the Islamic alternative of bonds. Contrary to conventional bonds, which merely confer ownership of a debt, Sukuk represents ownership of the underlying assets by the holder with all the rights and obligations of ownership.

4 Basis of preparation

4.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by International Accounting Standards Board (IASB) and applicable requirements of the laws of the U.A.E., including the UAE Federal Law No 2 of 2015 ("UAE Companies Law of 2015") as amended by the Federal Decretal Law No. 26 of 2020 issued on 27 September 2020 and the Decretal Federal Law No. (14) of 2018.

Federal Law No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on 20 September 2021 and will come into effect on 2 January 2022, to entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended (the "2015 Law"). The Company is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

4.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values as explained in the accounting policies below.

4.3 Functional and reporting currency

The consolidated financial statements are presented in United Arab Emirates Dirham (AED) and all values are rounded to the nearest thousands dirham, except when otherwise indicated.

The principal accounting policies applied in preparation of these consolidated financial statements are set out below.

Notes to the consolidated financial statements
for the year ended 31 December 2021

5 Significant accounting policies

5.1 Basis of consolidation

5.1.1 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date i.e., when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if they are related to the issue of Islamic financing or equity instruments.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

5.1.2 Subsidiary

These consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group. Control is achieved when the Group has:

- power over the investee;
- exposure, or has rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group voting rights in an investee are sufficient to give it power, including:

- the size of the Group holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders and other parties;
- rights raising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns and previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary Profit or loss and each component of other comprehensive income are attributable to the owners of the Group and to the non-controlling interests.

Total comprehensive income of the subsidiaries is attributable to the owners of the group and to the non-controlling interest even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group accounting policies.

Notes to the consolidated financial statements
for the year ended 31 December 2021

5 Significant accounting policies (continued)

5.1 Basis of consolidation (continued)

5.1.2 Subsidiary (continued)

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

Changes in the Group ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid/payable or received/receivable is recognised directly in equity and attributed to owners of the Group.

5.1.3 Foreign currencies

In preparing the consolidated financial statements, each individual Group entity's transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the consolidated statement of profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to the consolidated statement of profit or loss on settlement of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group foreign operations are translated into Arab Emirates Dirham, which is the Group presentation currency, using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group is reclassified to the consolidated statement of profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the consolidated statement of profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to the consolidated statement of profit or loss.

Fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity.

Notes to the consolidated financial statements
for the year ended 31 December 2021

5 Significant accounting policies (continued)

5.1 Basis of consolidation (continued)

5.1.4 Loss of control

When the Group loses control of a subsidiary, a gain or loss is recognised in the consolidated statement of profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest, and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary, and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

5.1.5 Special purpose vehicles (“SPVs”)

Special purpose vehicles are entities that are created to accomplish a narrow and well-defined objective such as the securitisation of assets, or the execution of a specific Islamic financing transaction. An SPV is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPV’s risk and rewards, the Group concludes that it controls the SPV.

5.1.6 Fiduciary activities

The Group acts as trustee/manager and in other capacities that result in holding or placing of assets in a fiduciary capacity on behalf of trusts or other institutions. Such assets and income arising thereon are not included in the Group consolidated financial statements as they are not assets of the Group.

5.2 Financial instruments

5.2.1 Initial recognition

Financial assets and liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

5.2.2 Initial measurement

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated statement of profit or loss.

5.3 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace subject to the Sharia guidance provided in this regard.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Notes to the consolidated financial statements
for the year ended 31 December 2021

5 Significant accounting policies (continued)

5.3 Financial assets (continued)

5.3.1 Classification of financial assets

Balances with central banks, due from banks and financial institutions, Islamic financing and investing assets, investments in sukuk and certain items in receivables and other assets that meet the following conditions are subsequently measured at amortised cost less impairment loss and deferred income, if any (except for those assets that are designated as at fair value through profit or loss or other comprehensive income on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

5.3.2 Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The expected frequency, value and timing of sales are also important aspects of the Bank’s assessment.

The business model assessment is based on reasonably expected scenarios without taking ‘worst case’ or ‘stress case’ scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Bank’s original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchases financial assets going forward.

Financial assets that are held for sale or managed and whose performance is evaluated on a fair value basis are measured at FVTOCI because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

5.3.3 Cash flow characteristics assessment

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic financing arrangement. Contractual cash flows are consistent with a basic financing arrangement if they represent cash flows that are solely payments of principal and profit on the principal amount outstanding.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Profit' is defined as any excess to the principal generated from the business for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic financing risks and costs (e.g. liquidity risk and administrative costs), as well as profit rate margin.

In assessing whether the contractual cash flows are solely payments of principal and profit, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Notes to the consolidated financial statements
for the year ended 31 December 2021

5 Significant accounting policies (continued)

5.3 Financial assets (continued)

5.3.4 Amortised cost and effective profit rate method

The effective profit rate method is a method of calculating the amortised cost of those financial instruments measured at amortised cost and of allocating income over the relevant period. The effective profit rate is the rate that is used to calculate the present value of the estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective profit rate, transaction costs and other premiums or discounts) through the expected life of the financing and investing instruments, or, where appropriate, a shorter period, to arrive at the net carrying amount on initial recognition.

Income is recognised in the consolidated statement of profit or loss on an effective profit rate basis for financing and investing instruments measured subsequently at amortised cost.

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of profit rate benchmark reform, then the Group updates the effective profit rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by profit rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by profit rate benchmark reform, then the Group first updates the effective profit rate of the financial asset or financial liability to reflect the change that is required by profit rate benchmark reform. After that, the Group applies the policies on accounting for modifications set out above to the additional changes.

5.3.5 Financial assets at fair value through other comprehensive income (FVTOCI)

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in sharia compliant equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is an Islamic derivative that is not designated and effective as an Islamic hedging instrument or a financial guarantee.

FVTOCI assets are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income. The cumulative gain or loss will not be reclassified to profit or loss on disposals.

5.3.6 Debt instruments at fair value through other comprehensive income (FVTOCI)

Debt instruments are measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Profit income and foreign exchange gains and losses are recognised in profit or loss. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

Notes to the consolidated financial statements
for the year ended 31 December 2021

5 Significant accounting policies (continued)

5.3 Financial assets (continued)

5.3.7 Financial assets at fair value through profit or loss (FVTPL)

Investments in sharia compliant equity instruments are classified as at FVTPL, unless the Group designates an investment at fair value through other comprehensive income (FVTOCI) on initial recognition.

Financial assets (other than equity instruments) that do not meet the amortised cost criteria are measured at FVTPL. In addition, financial assets (other than equity instruments) that meet the amortised cost criteria but are designated as at FVTPL are measured at FVTPL. Financial assets (other than equity instruments) may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Group has not designated any financial assets (other than equity instruments) as at FVTPL.

Financial assets are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of financial assets (other than equity instruments) that are designated as at FVTPL on initial recognition is not allowed.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the consolidated statement of profit/loss. The net gain or loss recognised in the consolidated statement of profit or loss is included in the 'gain from other investments at fair value' line item in the consolidated statement of profit or loss. Fair value is determined in the manner described in note 46.2.1 to these consolidated financial statements.

5.3.8 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. The foreign exchange component forms part of its fair value gain or loss. Accordingly:

- for financial assets that are classified as at FVTPL, the foreign exchange component is recognised in consolidated statement of profit or loss; and
- for financial assets that designated as at FVTOCI, any foreign exchange component is recognised in other comprehensive income.

For foreign currency denominated financial instruments measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the financial assets and are recognised in the consolidated statement of profit or loss.

5.3.9 Impairment of financial assets

Financial assets that are measured at amortised cost are assessed for impairment at each reporting date.

The Bank applies a three-stage approach to measure allowance for credit losses, using an expected credit loss approach as required under IFRS 9, for the following categories of financial instruments that are measured at amortised cost:

- Islamic financing and investing assets and investment in sukuk;
- Off-balance sheet instruments issued;
- Financial guarantee contracts issued;
- Due from banks and financial institutions;
- Balances with Central Banks; and
- Other financial assets

Financial assets migrate through three stages based on the change in credit risk since initial recognition.

No impairment loss is recognised on equity investments.

Notes to the consolidated financial statements
for the year ended 31 December 2021

5 Significant accounting policies (continued)

5.3 Financial assets (continued)

5.3.9 Impairment of financial assets (continued)

Expected credit loss impairment model

The Expected Credit Loss (ECL) model contains a three stage approach which is based on the change in credit quality of financial assets since initial recognition. Expected credit losses reflect the present value of all cash shortfalls related to default events either (i) over the following twelve months or (ii) over the expected life of a financial instrument depending on credit deterioration from inception.

- Under Stage 1, where there has not been a significant increase in credit risk since initial recognition, an amount equal to 12 months ECL will be recorded. The 12 months ECL is calculated as the portion of life time ECL that represents the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12 month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original effective profit rate.
- Under Stage 2, where there has been a significant increase in credit risk since initial recognition but the financial instruments are not considered credit impaired, an amount equal to the default probability weighted lifetime ECL will be recorded. The PD and LGD are estimated over the lifetime of the instrument and the expected cash shortfalls are discounted by an approximation to the original effective profit rate.
- Under the Stage 3, where there is objective evidence of impairment at the reporting date these financial instruments will be classified as credit impaired and an amount equal to the lifetime ECL will be recorded for the financial assets, with the PD set at 100%.

When estimating ECL for undrawn commitments, the Bank estimates the expected portion of the commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the financing is drawn down. The expected cash shortfalls are discounted at an approximation to the expected effective profit rate on the financing.

The Bank’s liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted rate relevant to the exposure.

The ECL model is forward looking and requires the use of reasonable and supportable forecasts of future economic conditions in the determination of significant increases in credit risk and measurement of ECL.

COVID-19 and Expected Credit Loss (ECL)

The global outbreak of novel coronavirus (COVID 19) during early 2020 is causing disruptions in normal lives and businesses in many ways. Global economy and banking systems have also been impacted significantly, both from business as well as accounting and reporting perspective. Governments and banks in many jurisdictions have introduced extraordinary measures to alleviate the financial and economic impact of COVID-19. The relief measures include a range of different payment moratoriums to customer, liquidity support and capital relief by regulators.

The Group has considered the extraordinary conditions and environment due to COVID 19, along with measures provided by the Central Bank of UAE under Targeted Economic Support Scheme (TESS) for determining ECL requirements as on the reporting date, as applicable. The Group has also considered guidelines issued by the International Accounting Standards Board (IASB) on 27 March 2020 and Basel Committee issued on 4 April 2020 on determination of expected credit losses.

In accordance with the Basel committee guidelines, the extraordinary support measures should be taken into account by banks when calculating ECLs. It also agreed on amendments to the transitional arrangements for the regulatory capital treatment of ECLs.

Notes to the consolidated financial statements
for the year ended 31 December 2021

5 Significant accounting policies (continued)

5.3 Financial assets (continued)

5.3.9 Impairment of financial assets (continued)

Measurement of ECL

The Bank calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the effective profit rate. A cash shortfall is the difference between the cash flows that are due to the Bank in accordance with the contract and the cash flows that the Bank expects to receive. IFRS 9 considers the calculation of ECL by multiplying the Probability of default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). The Bank has developed methodologies and models taking into account the relative size, quality and complexity of the portfolios.

These parameters are generally derived from internally developed statistical models and other historical data and are adjusted to reflect forward-looking information.

Details of these statistical parameters/inputs are as follows:

- The probability of default (PD) is an estimate of the likelihood of default over a given time horizon;
- The exposure at default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date; and

The loss given default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Bank would expect to receive (and expected cash flows generally in case of stage 3 accounts), including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

Macroeconomic factors, forward looking information and multiple scenarios

IFRS 9 requires an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions.

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside and a downside) with a weightage of 40%, 30% and 30% respectively. Each of these is associated with different PDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted financing are expected to be recovered, including the probability that the financing will cure and the value of collateral or the amount that might be received for selling the asset.

In its ECL models, the Bank relies on a broad range of forward looking information as economic inputs, such as:

- Real house prices – Abu Dhabi and Dubai
- Money supply
- Effective exchange rate – real broad index
- General government finance - expenditure
- Commodity prices
- Consumer price index

Macroeconomic factors and forward looking information are required to be incorporated into the measurement of ECL as well as the determination of whether there has been a significant increase in credit risk since origination. Measurement of ECLs at each reporting period should reflect reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Notes to the consolidated financial statements
for the year ended 31 December 2021

5 Significant accounting policies (continued)

5.3 Financial assets (continued)

5.3.9 Impairment of financial assets (continued)

Assessment of significant increase in credit risk

The assessment of a significant increase in credit risk is done on a relative basis. To assess whether the credit risk on a financial asset has increased significantly since origination, the Bank compares the risk of default occurring over the expected life of the financial assets at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Bank's existing risk management processes. At each reporting date, the assessment of a change in credit risk will be individually assessed for those considered individually significant and at the segment level for retail exposures.

The group of assets are moved from stage 1 to stage 2 if:

- the probability of default or credit risk rating change beyond the Bank's established threshold related to the initial recognition;
- an instrument is past due beyond 30 days; and
- an instrument's credit risk is considered higher based on qualitative criteria of the Bank.

The instruments moved to stage 2 from stage 1 remain in the stage until they perform for a sustained period as per Bank's policy.

Movement from stage 2 to stage 3 are based on whether the financial assets are credit impaired at the reporting date.

Experienced credit judgement

The Bank's ECL allowance methodology requires the use of experienced credit judgement to incorporate the estimated impact of factors not captured in the modelled ECL results, in all reporting periods.

When measuring ECL, the Bank considers the maximum contractual period over which the Bank is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment options and extension and rollover options.

Default definition followed by the Bank for impairment assessment remains in line with the guidelines of IFRS 9, without any recourse to the assumptions, and consistent with regulatory requirements.

Expected life

When measuring expected credit loss, the Bank considers the maximum contractual period over which the Bank is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment, and extension and rollover options.

Notes to the consolidated financial statements
for the year ended 31 December 2021

5 Significant accounting policies (continued)

5.3 Financial assets (continued)

5.3.9 Impairment of financial assets (continued)

Definition of default

The Bank considers a financial asset to be in default when:

- it is established that due to financial or non-financial reasons the customer is unlikely to pay its credit obligations to the Bank in full without recourse by the Bank to actions such as realising security (if any is held); or
- the customer is past due 90 days or more on any material credit obligation to the Bank.

In assessing whether a customer is in default, the Bank considers indicators that are:
(i) qualitative - e.g. material breaches of covenant;
(ii) quantitative - e.g. overdue status and non-payment on another obligation of the same customer / customer group to the banks; and
(iii) based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financing exposure is in default and their significance may vary over time to reflect changes in circumstances.

Renegotiated financing facilities

The Bank sometimes makes concessions or modifications to the original terms of financing as a response to the customer's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Bank considers a financing forborne when such concessions or modifications are provided as a result of the customer's present or expected financial difficulties and the Bank would not have agreed to them if the customer had been financially healthy. Indicators of financial difficulties include defaults on covenants or that a customer may not be in a position to honour contractual commitments. Forbearance may involve extending the payment arrangements and the agreement of new financing conditions. Once the terms have been renegotiated, any impairment is measured using the original effective profit rate as calculated before the modification of terms. It is the Bank's policy to monitor forborne financing to help ensure that future payments continue to be likely to occur. Classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a financing, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

When the financing has been renegotiated or modified but not derecognised, the Bank also reassesses whether there has been a significant increase in credit risk. The Bank also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, it will remain forborne for a minimum 12-month probation period. In order for the financing to be reclassified out of the forborne category, the customer has to meet all of the following criteria:

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

Notes to the consolidated financial statements
for the year ended 31 December 2021

5 Significant accounting policies (continued)

5.3 Financial assets (continued)

5.3.9 Impairment of financial assets (continued)

Acquired financing

All acquired financing is initially measured at fair value on the date of acquisition. As a result no allowance for expected credit losses is recorded in the consolidated statement of financial position on the date of acquisition. Acquired financing may fit into either of the two categories: performing financing or Purchased or Originated Credit Impaired (POCI) financing.

Purchased performing financing follow the same accounting as originated performing financing and are reflected in Stage 1 on the date of the acquisition. They will be subject to a 12 month ECL which is recorded as a provision for expected credit losses in the consolidated statement of profit or loss when the carrying value of these assets exceed the nominal values of acquired exposure. The fair value adjustment set up for these financing on the date of acquisition is amortized into profit income over the life of these financing.

POCI financing are separately presented and are always subject to lifetime allowance for credit losses. Any changes in the expected cash flows since the date of acquisition are recorded as a charge / recovery in the provision for credit losses in the consolidated statement of profit or loss at the end of all reporting periods subsequent to the date of acquisition.

5.3.10 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised Islamic financing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the consolidated statement of profit or loss.

On derecognition of a financial asset that is investment in equity instrument and is classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve in equity is not reclassified to the consolidated statement of profit or loss, but is transferred to retained earnings within equity.

5.3.11 Financial guarantees, letters of credit and undrawn financing commitments

The Bank issues financial guarantees, letters of credit and financing commitments in the normal course of business. Financial guarantees are initially recognised in the financial statements at fair value, being the charges received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement and an ECL provision.

Undrawn financing commitments and letters of credits are commitments under which, over the duration of the commitment, the Bank is required to provide a financing with pre-specified terms to the customer. These contracts are in the scope of the ECL requirements.

Notes to the consolidated financial statements
for the year ended 31 December 2021

5 Significant accounting policies (continued)

5.4 Offsetting

Financial assets and liabilities are offset and reported net in the consolidated financial position only when there is a legally enforceable right to set off the recognised amounts and when the Group intends to settle either on a net basis, or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Group trading activity.

The Group is party to a number of arrangements, including master netting agreements, that give it the right to offset financial assets and financial liabilities but where it does not intend to settle the amounts net or simultaneously and therefore the assets and liabilities concerned are presented on a gross basis.

5.5 Classification of financial liabilities and equity instruments

Liability and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

5.6 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Own equity instruments of the Bank which are acquired by it or by any of its subsidiaries (treasury shares) are recognised and deducted directly in equity. No gain or loss is recognised in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the Bank's own equity instruments.

Tier 1 sukuk are perpetual Mudaraba sukuk which are not redeemable by sukukholders and bear an entitlement to profit distributions that is non-cumulative and at the discretion of the Board of Directors. Accordingly tier 1 sukuk are presented as a component of equity instruments issued by the Group in equity.

Dividends on ordinary shares and profit distribution to tier 1 sukuk are recognised as a liability and deducted from equity when they are approved by the Group shareholders and Board of Directors, respectively. Dividends for the year that are approved after the reporting date are disclosed as an unadjusting event after the reporting date.

5.7 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective profit rate method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantees issued by the Group, and commitments issued by the Group to provide a facility at below-market profit rate are measured in accordance with the specific accounting policies set out below.

5.7.1 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective profit rate method.

The effective profit rate method is a method of calculating the amortised cost of a financial liability and of allocating customers' share of profit over the relevant period. The effective profit rate is the rate that is used to calculate the present value of estimated future cash payments (including all fees and points paid or received that form an integral part of the effective profit rate, transaction costs through the expected life of the financial liability, or (where appropriate) a shorter period, to arrive at the net carrying amount on initial recognition.

Financial liabilities measured at amortised cost include due to banks and financial institutions, customers' deposits, sukuk instruments, certain payables and other liabilities.

Notes to the consolidated financial statements
for the year ended 31 December 2021

5 Significant accounting policies (continued)

5.7 Financial liabilities (continued)

5.7.2 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the consolidated statement of profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

5.7.3 Financial guarantee

A financial guarantee is an undertaking/commitment that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified party fails to meet its obligation when due in accordance with the contractual terms.

Financial guarantees issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the guarantee, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

5.7.4 De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, if any, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated statement of profit or loss.

5.8 Islamic derivative financial instruments

An Islamic derivative is a financial instrument whose value changes in response to an underlying variable, that requires little or no initial investment and that is settled at a future date. The Group enters into a variety of Islamic derivative financial instruments to manage the exposure to profit and foreign exchange rate risks, including unilateral promise to buy/sell currencies and Islamic profit rate swap.

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 positive 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 appropriate pricing or valuation models.

The method of recognising fair value gains and losses depends on whether Islamic derivatives are held for trading or are designated as hedging instruments, and if the latter, the nature of the risks being hedged. All gains and losses from changes in the fair value of Islamic derivatives held for trading are recognised in consolidated statement of profit or loss.

5.9 Unilateral promises to buy/sell currencies (the "Promises")

The Promises are stated at fair value. The fair value of a Promise is the equivalent of the unrealised gain or loss from marking to market the Promise using prevailing market rates. Promises with positive market value (unrealised gain) are included in other assets and Promises with negative market value (unrealised losses) are included in other liabilities in the consolidated statement of financial position.

Notes to the consolidated financial statements
for the year ended 31 December 2021

5 Significant accounting policies (continued)

5.10 Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances held with Central Banks, deposits and balances due from banks, items in the course of collection from or in transmission to other banks and highly liquid assets with original maturities of less than three months from the date of acquisition, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position.

5.11 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

On acquisition of the investment in an associate or a joint venture, any excess of the cost of acquisition over the Group share of the net fair value of the identifiable assets, liabilities and contingent liabilities of associates and joint ventures recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated statement of profit or loss in the period in which the investment is acquired.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting from the date on which the investment becomes an associate of joint venture. Under the equity method, an investment in associates and joint ventures is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group share of the profit or loss and other comprehensive income of the associates and joint ventures.

When the Group share of losses of associates and joint ventures exceeds the Group interest in that associates and joint ventures (which includes any long-term interests that, in substance, form part of the Group net investment in the associates and joint ventures), the Group discontinues recognizing its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates and joint ventures.

The requirements of International Financial Reporting Standards are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group investment in associates and joint ventures. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains its interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

Notes to the consolidated financial statements
for the year ended 31 December 2021

5 Significant accounting policies (continued)

5.11 Investments in associates and joint ventures (continued)

Upon disposal of associates and joint ventures that results in the Group losing significant influence over that associates and joint ventures, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associates and joint ventures attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associates and joint ventures. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associates and joint ventures on the same basis as would be required if that associates and joint ventures had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associates and joint ventures would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associates and joint ventures.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture is recognised in the Group consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

5.12 Properties held for sale

Properties acquired or constructed with the intention of sale are classified as properties held for sale. Properties held for sale are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for properties less all estimated costs of completion and costs necessary to make the sale.

Cost includes the cost of land, infrastructure, construction and other related expenditure such as professional fees and engineering costs attributable to the project, which are capitalised as and when the activities that are necessary to get the assets ready for the intended use are in progress.

5.13 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured at cost less accumulated depreciation and impairment loss, if any. Depreciation on investment in buildings is charged on a straight-line basis over 40 years.

Investment properties that are financed by Wakala deposits pool are carried at fair value which are linked directly to the fair value of, or returns from these investment properties. The Group has elected the fair value model for these investment properties. Fair value of the investment properties is determined on the basis of valuation undertaken periodically by an independent valuer who holds a recognised and relevant qualification and has recent experience in the location and category of the investment properties being valued. Gains and losses arising from changes in the fair value are recognised in the statement of profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss in the period in which the property is derecognised.

Transfers to investment properties are made when, and only when there is change in use evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development.

Transfers from investment properties are made when, and only when, there is change in use evidenced by commencement of owner-occupation or commencement of development with a view to sale.

5.14 Acceptances

Acceptances are recognised as financial liability in the consolidated statement of financial position with a contractual right of reimbursement from the customer as a financial asset. Therefore, commitments in respect of acceptances have been accounted for as financial assets and financial liabilities.

Notes to the consolidated financial statements
for the year ended 31 December 2021

5 Significant accounting policies (continued)

5.15 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are charged to the consolidated statement of profit or loss in the period in which they are incurred.

Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives using the straight-line method as follows:

- Buildings 15-25 years;
- Furniture, office equipment and motor vehicles 3-5 years; and
- Information technology 3-5 years.

Freehold land is not depreciated. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss.

Properties or assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss, if any. Cost includes all direct costs attributable to the design and construction of the property including related staff costs, and for qualifying assets, financing costs capitalised in accordance with the Group accounting policy. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property, plant and equipment category and is depreciated in accordance with the Group policies.

5.16 Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the present value of the estimated future cash flows are calculated using a profit rate that reflects current market assessments of the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the consolidated statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the consolidated statement of profit or loss.

Notes to the consolidated financial statements
for the year ended 31 December 2021

5 Significant accounting policies (continued)

5.17 Intangible assets

Intangible assets acquired in a business combination are measured at fair value at acquisition date. Subsequent to the initial recognition, the intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

5.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is reasonably certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

5.19 Employees' end of service benefits

Pension and national insurance contributions for the U.A.E. citizens are made by the Group in accordance with Federal Law No. 2 of 2000 as amended by Federal Law No. 33 of 2021.

The Group provides end of service benefits for its expatriate employees in accordance with U.A.E. Labour Law.

The entitlement to these benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

5.20 Directors' remuneration

Pursuant to Article 169 of the Federal Law No. 2 of 2015 and in accordance with the articles of association of the Bank, the Directors shall be entitled for remuneration which shall not exceed 10% of the net profits after deducting depreciation and the reserves.

5.21 Taxation

Provision is made for current and deferred taxes arising from operating results of overseas subsidiaries in accordance with the fiscal regulations of the respective countries in which the subsidiaries operate.

5.21.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Notes to the consolidated financial statements
for the year ended 31 December 2021

5 Significant accounting policies (continued)

5.21 Taxation (continued)

5.21.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

5.22 Zakat

Zakat payable by the shareholders is computed based on "Net Invested Funds Method" which is in accordance with the advice of the Internal Sharia Supervision Committee (the ISSC).

The Zakat for the shareholders is accounted for as follows:

5.22.1 Zakat accounted by the Bank on shareholders' behalf

Zakat is calculated as per the Articles and Memorandum of Association of the Bank and is approved by the Bank's Internal Sharia Supervision Committee on the following basis:

- The portion of Zakat payable by the Bank on its shareholders' behalf is calculated on 'statutory reserve', 'general reserve', 'retained earnings', 'other comprehensive income', exchange translation reserve' and 'provision for employees' end of service benefits';
- Zakat paid by investee companies directly are adjusted in shareholders Zakat, if the Bank only accounts for net profit after Zakat of investee;
- Zakat on depositors' investment risk reserve is calculated and deducted from the investment risk reserve balance held with the bank and added to the Zakat payable balance; and
- Zakat is disbursed by a committee appointed by the Board of Directors and operating as per the terms set by the Board of Directors and the policy approved by the ISSC.

5.22.2 Zakat payable by the shareholders

Zakat payable by the shareholders directly represents the differential/remaining Zakat after deducting the Zakat accounted by the Bank on shareholders' behalf.

Notes to the consolidated financial statements
for the year ended 31 December 2021

5 Significant accounting policies (continued)

5.23 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

5.23.1 Income from financial assets measured at amortised cost

Income from a financial asset measured at amortised cost is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Income from a financial asset measured at amortised cost is accrued/amortised on a time basis, by reference to the principal outstanding and at the effective profit rate applicable, which is the rate that is used to calculate the present value of estimated future net cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

5.23.2 Fee and commission income

Fee and commission income is recognised when the related services are performed. The Group earns fee and commission income from a range of services provided to its customers. The recognition of fee and commission in statement of profit or loss depends on the purposes for which the fees are collected as follows:

- income earned from the provision of services is recognised as revenue as the services are provided;
- income earned on the execution of a significant act is recognised as revenue when the act is completed; and
- income which forms an integral part of the effective profit rate of a financial instrument is recognised as an adjustment to the effective profit rate and considered as funded income.

5.23.3 Dividend income

Dividend income from other investments at fair value in equities is recognised when the right to receive the dividend is established.

5.23.4 Income from cancellation of properties sale contract

Income from cancellation of properties sale contract (forfeiture income) is recognised in the consolidated statement of profit or loss when, in the case of properties sold and not yet recognised as revenue, a customer does not fulfil the contractual payment terms. This is deemed to take place when, despite rigorous follow-up with the defaulted customer, the customer continues to default on the contractual terms and an amount is taken under a settlement or pursuant to a decision issued by Dubai Real Estate Regulatory Authority.

5.23.5 Revenue from sale of properties, net

Revenue is recognized when (or as) the Group satisfies the performance obligation at an amount that reflects the consideration to which the Group is entitled in exchange for transferring goods or services to a customer. A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). For performance obligations satisfied over time, the Group recognises revenue over time by selecting an appropriate method for measuring the progress towards complete satisfaction of that performance obligation.

5.23.6 Rental income

The Group recognizes revenue from operating leases on a straight line basis over the lease term.

Notes to the consolidated financial statements
for the year ended 31 December 2021

5 Significant accounting policies (continued)

5.23 Revenue recognition (continued)

5.23.7 Forfeited income

It is an income resulting from transaction errors and wrong execution of the transactions as determined by the Internal Sharia Supervision Committee. In addition, the late payment donations by the customers who delay in payment of their liabilities are also added to the same account. According to the Bank's Internal Sharia Supervision Committee, the Group is required to identify these incomes and to set aside such amount in a separate account used to pay for charitable causes and activities as per the approved policy for Community Support Services.

5.24 Depositors' share of profit calculation

Allocation of profits between depositors and shareholders is calculated according to the Bank's standard procedures and is approved by the Bank's Internal Sharia Supervision Committee.

5.25 Profit equalisation reserve

Profit equalisation reserves are amounts appropriated out of the common mudaraba pool's income, before allocating the mudarib share, in order to maintain a certain level of return on investments for all the investment accountholders and other investors in the common mudaraba pool.

5.26 Depositors' investment risk reserve

Depositors' investment risk reserve represents a portion of the depositors' share of profits set aside as a reserve. This reserve is payable to the depositors upon the approval of the Bank's Internal Sharia Supervision Committee. Zakat on depositors' investment risk reserve is included under Zakat payable and is deducted from the depositors' investment risk reserve balance.

5.27 Lease

The Group initially measures the right-of-use asset at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The Group initially measures the lease liability at the present value of the future lease payments discounted using the discount rate implicit in the lease. Subsequently, the lease liability is adjusted for profit and lease payments, as well as the impact of lease modifications, amongst others.

The Group has elected to apply the expedient allowed by IFRS 16 on its general requirements to short-term leases (i.e. one that does not include a purchase option and has a lease term at commencement date of 12 months or less) and leases of low value assets. For this the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term or another systematic basis if that basis is representative of the pattern of the lessee's benefits, similar to the current accounting for operating leases.

5.28 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segment income, segment expenses and segment performance include transfers between business segments and between geographical segments. Refer to note 44 on Business Segment reporting.

Notes to the consolidated financial statements
for the year ended 31 December 2021

6 Critical accounting judgements and key sources of estimation of uncertainty

While applying the accounting policies as stated in note 5, the management of the Group has made certain judgments. These judgments mainly have a significant effect on the carrying amounts of Islamic financing and investing assets, investment securities and the fair values of Islamic derivative financial instruments. The significant judgments made by the management in arriving at the carrying amounts of Islamic financing and investing assets, investment securities and fair values of Islamic derivative financial instruments are summarised as follows:

6.1 Significant increase in credit risk

As explained in note 5.3.9, ECL are measured as an allowance equal to 12-month ECL for Stage 1 assets, or lifetime ECL for Stage 2 or Stage 3 assets. An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased or not, the Bank takes into account qualitative and quantitative reasonable and supportable forward looking information.

Sensitivity assessment due to movement in each macroeconomic variable and the respective weights under the three scenarios is periodically assessed by the Group. The table below summarizes key macroeconomic indicators included in the economic scenarios for the years ending 2021 to 2024:

Macro-economic variable	Scenario	2021	2022	2023	2024
Real House Prices: Residential properties - Abu Dhabi and Dubai, (Index 2010=100, NSA)	Baseline	100.1	102.5	102.3	103.6
	Upside	100.1	106.9	109.5	111.7
	Downside	100.1	96.1	88.4	88.2
Money Supply: M2, (Bil. AED, NSA)	Baseline	1,554.4	1,743.7	1,912.4	2,048.3
	Upside	1,554.4	1,912.4	2,205.2	2,416.1
	Downside	1,554.4	1,669.2	1,734.7	1,800.6
Effective Exchange Rate - Real Broad Index, (Index 2010=100, NSA)	Baseline	101.2	99.2	96.1	95.1
	Upside	101.2	99.3	97.4	97.5
	Downside	101.2	104.9	101.2	96.8
Commodity prices: Crude Oil [Dubai Fateh], (USD per Bbl, NSA)	Baseline	68.7	64.6	54.5	55.3
	Upside	68.7	67.2	58.5	59.4
	Downside	68.7	42.8	42.5	46.1
Consumer Price Index: Total, (Index 2014=100, SA)	Baseline	106.7	108.9	110.7	112.4
	Upside	106.7	111.3	115.4	118.8
	Downside	106.7	105.4	105.7	106.6

6.2 Establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Bank monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets.

6.3 Models and assumptions used

The Bank uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgment is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

Notes to the consolidated financial statements
for the year ended 31 December 2021

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

6.4 Classification of investments

The classification and measurement of the financial assets depends on the management's business model for managing its financial assets and on the contractual cash flow characteristics of the financial assets assessed. Management is satisfied that the Group investment in securities are appropriately classified and measured.

Financial assets that are measured at amortised cost are those assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit.

Financial assets that are measured at FVTOCI are investments in sharia compliant equity instruments and investment funds that are not held to benefit from changes in their fair value and are not held for trading. The management believes that designating these instruments as at FVTOCI provides a more meaningful presentation of its medium to long-term interest in its investments than holding the investments at fair value through profit and loss.

Financial assets that are measured at FVTPL are either held for trading or designated as FVTPL.

6.5 Impairment of associates and joint ventures

After application of equity method of accounting, the Group determines whether it is necessary to recognise for any additional impairment loss on the carrying value of the investment in associates and joint ventures by comparing their recoverable amounts with the higher of value in use or fair value less costs to sell with their carrying amounts.

In determining the value in use of the investment, the Group estimates:

- its share of the present value of the estimated future cash flows expected to be generated by the associates, including the cash flows from the operations of the associates and the proceeds on the ultimate disposal of the investment; or
- the present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

6.6 Fair value of financial instruments

Certain assets and liabilities are measured at fair value for financial reporting purposes. The management has set up a valuation process, which involves finance and investment banking departments to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market observable data to the extent it is available. Where level 1 inputs are not available, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgement is required to establish fair values. The judgements include considerations of liquidity and model inputs such as present value calculation rates, prepayment rates and default rate assumptions for 'asset-backed' securities.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 46 to these consolidated financial statements.

6.7 Valuation of investment properties

The Group determines the fair value of its investment properties on the basis of market valuations prepared by independent professional valuers. The valuations are carried out on assumptions which are based on the market conditions existing at the reporting date. Therefore, any future change in the market conditions can have an impact on the fair values.

6.8 Determination of control over investee

Management applies its judgement to determine whether control indicators as set out in 5.1 exist to establish that the Group controls an investee.

Notes to the consolidated financial statements
for the year ended 31 December 2021

7 Cash and balances with central banks

7.1 Analysis by category

	Note	**2021 AED'000**	2020 AED'000
Cash on hand		**2,067,247**	2,200,174
Balances with central banks:			
Balances and reserve requirements with central banks	*7.3*	**8,512,007**	9,505,265
Certificates of deposits with the Central Bank of the U.A.E.		**17,500,486**	17,500,149
Total		**28,079,740**	29,205,588

Balances with Central Banks are at stage 1 at 31 December 2021 and 31 December 2020.

7.2 Analysis by geography

	2021 AED'000	2020 AED'000
Within the U.A.E.	**27,529,367**	28,756,268
Outside the U.A.E.	**550,373**	449,320
Total	**28,079,740**	29,205,588

7.3 Statutory cash reserve requirements

The reserve requirements are kept with the Central Banks of the U.A.E., Pakistan and Kenya in the respective local currencies and US Dollar. These reserves are not available for use in the Group's day to day operations, and cannot be withdrawn without the approval of the respective central banks. The level of reserve required by Central Bank of the UAE changes every 14 days whereas for other jurisdictions changes every month in accordance with the requirements of the respective central banks' directives.

8 Due from banks and financial institutions

8.1 Analysis by category

	2021 AED'000	2020 AED'000
Current accounts	**1,900,638**	2,164,669
Wakala deposits	**280,359**	889,306
International murabaha - short term	**1,125,333**	3,397,534
Less: Provision for impairment	**(2,918)**	(2,918)
Total	**3,303,412**	6,448,591

8.2 Analysis by geography

	2021 AED'000	2020 AED'000
Within the U.A.E.	**383,341**	3,721,327
Outside the U.A.E.	**2,920,071**	2,727,264
Total	**3,303,412**	6,448,591

Due from banks and financial institutions are at stage 1 at 31 December 2021 and 31 December 2020.

Notes to the consolidated financial statements
for the year ended 31 December 2021

9 Islamic financing and investing assets, net

9.1 Analysis by category

	Note	**2021 AED'000**	2020 AED'000
Islamic financing assets			
Vehicles murabaha		**8,311,504**	8,739,071
International murabaha - long term		**30,847,165**	49,225,764
Other murabaha		**5,435,548**	6,356,245
Total murabaha		**44,594,217**	64,321,080
Ijarah		**58,170,776**	59,619,862
Home finance ijarah		**21,496,603**	20,769,759
Personal finance		**20,284,722**	20,694,070
Istisna'		**797,990**	873,582
Islamic credit cards		**2,077,226**	1,954,023
		147,421,534	168,232,376
Less: deferred income		**(3,552,477)**	(3,707,679)
Less: contractors and consultants' istisna' contracts		**(6,784)**	(6,784)
Total Islamic financing assets		**143,862,273**	164,517,913
Islamic investing assets			
Musharaka		**6,401,053**	6,710,619
Mudaraba		**9,918,806**	9,764,912
Wakala		**35,434,448**	24,096,435
Total Islamic investing assets		**51,754,307**	40,571,966
Total Islamic financing and investing assets		**195,616,580**	205,089,879
Less: provisions for impairment	*9.3*	**(8,926,029)**	(8,400,848)
Total Islamic financing and investing assets, net		**186,690,551**	196,689,031

Notes to the consolidated financial statements
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9 Islamic financing and investing assets, net (continued)

9.2 Carrying value of exposure by internal risk rating category and by stage

As at 31 December 2021

	Gross book values (AED'000)					Expected credit loss (AED'000)				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Low	**47,098,862**	**-**	**-**	**-**	**47,098,862**	**14,978**	**-**	**-**	**-**	**14,978**
Moderate	**102,288,996**	**9,808,046**	**-**	**-**	**112,097,042**	**674,517**	**475,638**	**-**	**-**	**1,150,155**
Fair	**12,639,868**	**9,996,996**	**-**	**-**	**22,636,864**	**272,449**	**545,910**	**-**	**-**	**818,359**
Default	**-**	**-**	**12,755,822**	**1,027,990**	**13,783,812**	**-**	**-**	**6,785,130**	**157,407**	**6,942,537**
Total	**162,027,726**	**19,805,042**	**12,755,822**	**1,027,990**	**195,616,580**	**961,944**	**1,021,548**	**6,785,130**	**157,407**	**8,926,029**

As at 31 December 2020

	Gross book values (AED'000)					Expected credit loss (AED'000)				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Low	67,446,626	-	-	-	67,446,626	19,162	-	-	-	19,162
Moderate	91,197,679	6,431,144	-	-	97,628,823	773,725	312,057	-	-	1,085,782
Fair	17,900,696	10,052,806	-	-	27,953,502	339,785	624,562	-	-	964,347
Default	-	-	10,838,957	1,221,971	12,060,928	-	-	6,314,658	16,899	6,331,557
Total	176,545,001	16,483,950	10,838,957	1,221,971	205,089,879	1,132,672	936,619	6,314,658	16,899	8,400,848

Notes to the consolidated financial statements
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9 Islamic financing and investing assets, net (continued)

9.3 Provision for impairment

Movement of provision for impairment, including regulatory profit suspension, is as follows:

2021	*Note*	**Stage 1 AED'000**	**Stage 2 AED'000**	**Stage 3 AED'000**	**POCI AED'000**	**Total AED'000**
Balance at 1 January		**1,132,672**	**936,619**	**6,314,658**	**16,899**	**8,400,848**
Impairment charge during the year, net	*40*	**(143,460)**	**331,000**	**1,643,212**	**140,508**	**1,971,260**
Write off		**-**	**-**	**(1,436,148)**	**-**	**(1,436,148)**
Transfer to other stages			**(246,071)**	**246,071**	**-**	**-**
Exchange and other adjustments		**(27,268)**	**-**	**17,337**	**-**	**(9,931)**
Balance at 31 December		**961,944**	**1,021,548**	**6,785,130**	**157,407**	**8,926,029**

2020	*Note*	**Stage 1 AED'000**	**Stage 2 AED'000**	**Stage 3 AED'000**	**POCI AED'000**	**Total AED'000**
Balance at 1 January		1,075,996	965,945	4,038,742	-	6,080,683
Impairment charge during the year, net	*40*	56,676	225,236	3,510,583	16,899	3,809,394
Write off		-	-	(1,642,234)	-	(1,642,234)
Transfer to other stages		-	(254,562)	254,562	-	-
Exchange and other adjustments		-	-	153,005	-	153,005
Balance at 31 December		1,132,672	936,619	6,314,658	16,899	8,400,848

Notes to the consolidated financial statements
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9 Islamic financing and investing assets, net (continued)

9.4 Collaterals and mitigations

The Group, in the ordinary course of providing finance, holds collateral as security to mitigate credit risk associated with Islamic financing and investing assets. The collaterals include mortgage on land and buildings and lien on deposits, equities and other fixed assets. The estimated value of collaterals for Islamic financing and investing assets which are mainly asset based financing, is as follows:

	2021 AED'000	2020 AED'000
Properties and mortgages	**70,260,112**	64,727,008
Deposits and shares	**2,467,173**	7,264,805
Movable assets	**19,316,139**	20,670,135
Government and financial guarantees	**2,484,967**	3,533,441

The estimated fair value of collaterals that the Group holds relating to facilities individually determined to be impaired at 31 December 2021 amounts to AED 9.0 billion (2020: AED 7.3 billion).

During the year ended 31 December 2021, the Group took possession of various underlying assets, primarily vehicles and residential mortgage properties. The Group has sold repossessed assets amounting to AED 41.9 million (2020: AED 44.7 million) and acquired the properties amounting to AED 75.9 million (2020: AED 79.8 million) which has been adjusted against the outstanding receivables.

9.5 Analysis by economic sector and geography

	Within the U.A.E. AED'000	**Outside the U.A.E. AED'000**	**Total AED'000**
2021			
Government	**12,841,825**	**4,557,188**	**17,399,013**
Financial institutions	**4,739,580**	**100,972**	**4,840,552**
Real estate	**43,587,827**	**495,020**	**44,082,847**
Contracting	**4,699,261**	**1,006,151**	**5,705,412**
Trade	**7,366,397**	**973,721**	**8,340,118**
Aviation	**19,665,100**	**102,664**	**19,767,764**
Services and others	**40,228,548**	**4,044,573**	**44,273,121**
Consumer financing	**28,279,625**	**660,870**	**28,940,495**
Consumer home finance	**21,940,519**	**326,739**	**22,267,258**
	183,348,682	**12,267,898**	**195,616,580**
Less: provision for impairment			**(8,926,029)**
Total			**186,690,551**
2020			
Government	22,719,913	3,691,050	26,410,963
Financial institutions	8,398,452	1,076,379	9,474,831
Real estate	41,908,952	493,451	42,402,403
Contracting	4,193,307	1,146,929	5,340,236
Trade	7,091,342	1,068,915	8,160,257
Aviation	20,425,447	120,522	20,545,969
Services and others	38,341,686	3,607,718	41,949,404
Consumer financing	29,115,345	546,695	29,662,040
Consumer home finance	20,884,627	259,149	21,143,776
	193,079,071	12,010,808	205,089,879
Less: provision for impairment			(8,400,848)
Total			196,689,031

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10 Investments in Sukuk

10.1 Analysis by geography

	2021 AED'000	2020 AED'000
Within the U.A.E.	**19,506,228**	19,664,339
Other G.C.C. Countries	**13,568,733**	7,216,564
Rest of the World	**8,948,483**	8,580,988
	42,023,444	35,461,891
Less: provision for impairment	**(229,087)**	(106,976)
Total	**41,794,357**	35,354,915

10.2 Analysis by economic sector

	2021 AED'000	2020 AED'000
Government	**30,320,111**	24,271,111
Financial institutions	**3,426,814**	3,537,161
Real estate	**3,191,996**	3,086,694
Aviation	**778,548**	1,193,354
Services and others	**4,305,975**	3,373,571
	42,023,444	35,461,891
Less: provision for impairment	**(229,087)**	(106,976)
Total	**41,794,357**	35,354,915

Investments in Sukuk within the U.A.E. include investments in bilateral sukuk amounting to AED 5.8 billion as at 31 December 2021 (2020: AED 5.8 billion). Investment in sukuk include an amount of AED 0.51 billion (2020: AED 1.0 billion) which is measured at fair value through other comprehensive income.

Investment in sukuk classified at stage 2 and stage 3 at 31 December 2021 amounts to AED 80.7 million (31 December 2020: Nil) and AED 285.8 million (31 December 2020: AED 44.2 million) respectively.

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11 Other investments measured at fair value

11.1 Analysis by category and geography

	Within the U.A.E. AED'000	Other G.C.C. countries AED'000	Rest of the World AED'000	Total AED'000
As at 31 December 2021				
Investments measured at fair value through other comprehensive income				
Quoted equity instruments	**141,826**	**118,213**	**878**	**260,917**
Unquoted equity instruments	**47,675**	**29,241**	**891,636**	**968,552**
	189,501	**147,454**	**892,514**	**1,229,469**
Total	**189,501**	**147,454**	**892,514**	**1,229,469**
As at 31 December 2020				
Investments measured at fair value through other comprehensive income				
Quoted equity instruments	98,941	93,823	903	193,667
Unquoted equity instruments	46,785	29,418	841,092	917,295
	145,726	123,241	841,995	1,110,962
Total	145,726	123,241	841,995	1,110,962

During the year ended 31 December 2021, dividends received from investments measured at fair value through other comprehensive income amounting to AED 20.6 million (2020: AED 50.3 million) were recognised in the consolidated statement of profit or loss (note 33).

During the year ended 31 December 2021, the Group purchased shares of AED 8.8 million (2020: AED Nil).

11.2 Analysis by economic sector

	2021 AED'000	2020 AED'000
Services and others	**394,256**	406,259
Financial institutions	**689,277**	573,485
Real estate	**145,936**	131,218
Total	**1,229,469**	1,110,962

Notes to the consolidated financial statements
for the year ended 31 December 2021

12 Investments in associates and joint ventures

12.1 Analysis of carrying value

	2021 AED'000	2020 AED'000
Balance at 1 January	**1,939,043**	1,976,718
Additions	**-**	15,002
Dividend received	**(3,829)**	(7,788)
Share of profit	**115,948**	20,141
Loss on dilution of an associate	**-**	(22,158)
Acquired entities as part of Noor bank acquisition	**-**	16,058
Others	**(106,324)**	(58,930)
Balance at 31 December	**1,944,838**	1,939,043

12.2 Analysis by geography

	2021 AED'000	2020 AED'000
Within the U.A.E.	**1,454,901**	1,442,712
Other G.C.C. Countries	**38,533**	41,182
Rest of the world	**451,404**	455,149
Total	**1,944,838**	1,939,043

12.3 Fair value of investment in associates and joint ventures

As at 31 December 2021, the cumulative fair value of the Group's listed associates is AED 377.3 million (2020: AED 349.3 million), and the carrying amount of the Group's interest in those associates is AED 360.8 million (2020: 356.7 million). All other investments in associates and joint ventures are not listed in active markets and the management considers the carrying amounts of these investments approximate their fair values.

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

	2021 AED'000	2020 AED'000
The Group's share of profit for the year	**115,948**	20,141
The Group's share of other comprehensive income / (loss) for the year	**-**	-
The Group's share of total comprehensive income for the year	**115,948**	20,141

12.5 List of associates and joint ventures

	Name of associate or joint venture	Principal activity	Place of incorporation	Percentage holding 2021	Percentage holding 2020
1.	Bank of Khartoum	Banking	Sudan	**29.5%**	29.5%
2.	PT. Bank Panin Dubai Syariah Tbk	Banking	Indonesia	**25.1%**	25.1%
3.	Bosnia Bank International	Banking	Bosnia	**27.3%**	27.3%
4.	Liquidity Management Center	Financial services	Bahrain	**25.0%**	25.0%
5.	Ejar Cranes & Equipment L.L.C.	Equipment leasing	U.A.E.	**20.0%**	20.0%
6.	Solidere International Al Zorah Equity Investments Inc	Property development	Cayman Islands	**22.7%**	22.7%
7.	Al Bustan Center Company L.L.C.	Leasing apartments and shops	U.A.E.	**50.0%**	50.0%
8.	Arady Development LLC	Property development	U.A.E.	**50.0%**	50.0%
9.	Digital Financial Services	Financial services	U.A.E.	**-**	50.0%

All of the above associates and joint ventures are accounted for using the equity accounting method in these consolidated financial statements. During the year ended 31 December 2021, the Group has disposed off all of its holding in one of the associated companies for a gain of AED 75.0 million.

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12 Investments in associates and joint ventures (continued)

12.6 Material associates and joint ventures

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

	2021 AED'000	2020 AED'000
Arady Development LLC		
Statement of financial position		
Assets	**1,467,334**	1,465,551
Liabilities	**37,467**	33,779
Net assets	**1,429,867**	1,431,772
Carrying amount of Group's interest	**978,881**	980,692
Statement of Comprehensive income		
Revenue	**99,114**	83,461
Net profit	**38,344**	15,629

13 Properties held for development and sale

13.1 Movement in properties held for development and sale

	Note	**Other real estate AED'000**	**Properties under construction AED'000**	**Land AED'000**	**Total AED'000**
Balance at 1 January 2021		**472,602**	**222,288**	**696,148**	**1,391,038**
Additions		**74,415**	**161,898**	**23,443**	**259,756**
Disposals	*34*	**(193,023)**	**(38,544)**	**-**	**(231,567)**
Transfers		**(6,649)**	**-**	**153,682**	**147,033**
Reclassification		**30,938**	**152,923**	**(183,861)**	**-**
Impairment		**5,238**	**-**	**-**	**5,238**
Foreign exchange effect		**10**	**-**	**-**	**10**
Balance at 31 December 2021		**383,531**	**498,565**	**689,412**	**1,571,508**
Balance at 1 January 2020		317,984	190,507	828,385	1,336,876
Additions		141,653	128,596	1,900	272,149
Disposals	*34*	(44,480)	(128,770)	-	(173,250)
Transfer to property and equipment		(9,119)	-	-	(9,119)
Reclassification		98,043	32,293	(130,336)	-
Impairment		(31,938)	(338)	(3,801)	(36,077)
Foreign exchange effect		459	-	-	459
Balance at 31 December 2020		472,602	222,288	696,148	1,391,038

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

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14 Investment properties

14.1 Movement in investment properties at cost

	Other real estate AED'000	Investment properties under construction AED'000	Land AED'000	Total AED'000
Cost:				
Balance at 1 January 2021	**3,245,288**	**1,339,211**	**2,086,330**	**6,670,829**
Additions	**324,641**	**26,201**	**-**	**350,842**
Disposal	**(652,866)**	**-**	**(133,915)**	**(786,781)**
Transfers *	**49,891**	**-**	**49,497**	**99,388**
Balance at 31 December 2021	**2,966,954**	**1,365,412**	**2,001,912**	**6,334,278**
Accumulated depreciation and impairment:				
Balance at 1 January 2021	**616,234**	**-**	**107,572**	**723,806**
Depreciation charged for the year	**57,841**	**-**	**-**	**57,841**
Disposal	**(5,892)**	**-**	**-**	**(5,892)**
Impairment	**34,400**	**-**	**25,000**	**59,400**
Balance at 31 December 2021	**702,583**	**-**	**132,572**	**835,155**
Carrying amount at 31 December 2021	**2,264,371**	**1,365,412**	**1,869,340**	**5,499,123**
Cost:				
Balance at 1 January 2020	1,707,807	2,316,653	1,374,898	5,399,358
Additions	745	23,723	-	24,468
Disposal	(407,992)	-	-	(407,992)
Transfers *	718,684	-	-	718,684
Reclassification	1,001,165	(1,001,165)	-	-
Addition from Noor bank acquisition	224,879	-	711,432	936,311
Balance at 31 December 2020	3,245,288	1,339,211	2,086,330	6,670,829
Accumulated depreciation and impairment:				
Balance at 1 January 2020	371,732	-	107,572	479,304
Depreciation charged for the year	56,678	-	-	56,678
Disposal	(237,224)	-	-	(237,224)
Impairment	425,048	-	-	425,048
Balance at 31 December 2020	616,234	-	107,572	723,806
Carrying amount at 31 December 2020	2,629,054	1,339,211	1,978,758	5,947,023

* Transfer to investment properties include properties acquired in settlement of Islamic financing and investing assets amounting to AED 75.9 million (2020: 79.8 million) and transfer from property, plant and equipment amounting to AED Nil (2020: AED 350.4 million).

Notes to the consolidated financial statements
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14 Investment properties (continued)

14.2 Analysis by geography

	Other real estate	Investment properties under construction	Land	Total
	AED'000	AED'000	AED'000	AED'000
2021				
Carrying amount at 31 December:				
Within the U.A.E.	**2,264,371**	**1,365,412**	**1,817,609**	**5,447,392**
Outside the U.A.E.	**-**	**-**	**51,731**	**51,731**
Total carrying amount	**2,264,371**	**1,365,412**	**1,869,340**	**5,499,123**
2020				
Carrying amount at 31 December:				
Within the U.A.E.	2,629,054	1,339,211	1,927,027	5,895,292
Outside the U.A.E.	-	-	51,731	51,731
Total carrying amount	2,629,054	1,339,211	1,978,758	5,947,023

Investment properties include properties with a book value of AED 339.9 million (2020: AED 222.3 million) that have been mortgaged by Group's entities as a security in respect of Islamic financing arrangements.

14.3 Fair value of investment properties

The fair value of the Group's investment properties as at 31 December 2021 is AED 6.2 billion (2020: AED 6.4 billion) based on unobservable market inputs (i.e. level 3).

The Group has carried out external valuations of these properties as at 31 December 2021. The valuations are carried out by professional valuators who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment properties being valued. The valuations were based on comparable transaction method and present value calculation of the estimated future cash flow model supported by existing lease and current market rents for similar properties in the same location adjusted to reflect the level of completion of construction of these properties. The profit rate, which is used to calculate the present value of the future cash flows, reflects current market assessments of the uncertainty and timing of the cash flows.

The valuations were based on an individual assessment, for each property type, of both the future earnings and the required yield. In assessing the future earnings of the properties, potential changes in rental levels from each contract's rent and expiry date is compared with estimated current market rent, as well as changes in occupancy rates and property costs.

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15 Receivables and other assets

15.1 Analysis by category

	Note	**2021 AED'000**	2020 AED'000
Receivables on sale of investment properties, net	*15.1.1*	**415,340**	592,519
Due from customers	*15.1.2*	**1,349,399**	1,355,233
Acceptances		**768,617**	516,240
Prepaid expenses		**114,818**	101,798
Fair value of Islamic derivatives	*45.1*	**1,498,164**	1,888,534
Deferred tax asset	*22.2*	**49,980**	40,443
Right of use asset		**212,882**	259,491
Intangible assets	*15.1.3*	**151,409**	219,205
Others		**2,913,875**	5,066,165
Total		**7,474,484**	10,039,628

15.1.1 Receivables on sale of investment properties, net

The Bank and its subsidiary entered into sale and purchase agreements to sell investment properties in prior years. The salient terms and conditions of the sales and purchase agreements are as follows:

- The sales consideration of transactions of the Bank and its subsidiary was receivable on or before 31 December 2019. The arrangement has been extended to 31 December 2024 on the similar terms provided below;
- The sales consideration can be settled in cash or in kind or a combination of cash and in kind, at the discretion of the buyer. In case full settlement of consideration or part thereof is in kind, assets to be offered in lieu of the full sales consideration or part thereof must be of equal value to the amount due and payable under the agreement;
- The commitments on the remaining original purchase price for the plots of land remain with the Bank; and
- The net exposure, after settlement of receivable of AED 153.6 million in one of the subsidiaries, is classified in stage 2 and accordingly life time expected credit loss amounting to AED 40.0 million is held at 31 December 2021 (2020: AED 517.0 million).

15.1.2 Due from customers

Due from customers represent overdrawn current accounts and other accounts that do not meet the definition of Islamic financing and investing assets and are in stage 2 and 3 respectively. The balances are stated net of provision for impairment amounting to AED 1,125 million (2020: AED 876 million). The Group holds collaterals amounting to AED 1.0 billion (2020: AED 960 million) against these accounts.

15.1.3 Intangible assets

Intangible assets have been recognized on the acquisition of Noor bank and comprise of the core deposits and customer relationships. These are being amortized over a useful life of 4 years from the date of acquisition. Refer note 50.

Notes to the consolidated financial statements
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16 Property and equipment

	Land and buildings AED'000	Furniture, equipment, and vehicles AED'000	Information technology AED'000	Capital work in progress AED'000	Total AED'000
Cost:					
Balance at 1 January 2021	**1,545,276**	**343,314**	**924,431**	**231,451**	**3,044,472**
Additions	**9,956**	**6,897**	**6,731**	**181,533**	**205,117**
Disposals	**(30,385)**	**(10,577)**	**(1,611)**	**-**	**(42,573)**
Transfers	**4,166**	**2,638**	**121,034**	**(127,838)**	**-**
Write-off	**(7,551)**	**(199)**	**-**	**-**	**(7,750)**
Exchange and others	**(7,925)**	**(6,939)**	**(2,187)**	**(6,107)**	**(23,158)**
Balance at 31 December 2021	**1,513,537**	**335,134**	**1,048,398**	**279,039**	**3,176,108**
Accumulated depreciation:					
Balance at 1 January 2021	**570,540**	**308,816**	**734,482**	**-**	**1,613,838**
Charge for the year	**23,902**	**25,361**	**72,234**	**-**	**121,497**
Disposals	**(22,629)**	**(10,225)**	**(1,588)**	**-**	**(34,442)**
Write-off	**(7,244)**	**(187)**	**-**	**-**	**(7,431)**
Exchange and others	**(604)**	**(6,536)**	**(4,302)**	**-**	**(11,442)**
Balance at 31 December 2021	**563,965**	**317,229**	**800,826**	**-**	**1,682,020**
Carrying amount					
Balance at 31 December 2021	**949,572**	**17,905**	**247,572**	**279,039**	**1,494,088**
Cost:					
Balance at 1 January 2020	1,755,002	339,681	811,902	107,228	3,013,813
Additions	36,394	8,533	8,741	171,428	225,096
Disposals	(13,424)	(5,629)	(372)	(900)	(20,325)
Transfers	(350,382)	1,463	866	(2,386)	(350,439)
Addition from Noor acquisition	120,736	329	53,407	13,857	188,329
Reclassification	4,270	1,356	51,919	(57,545)	-
Exchange and others	(7,320)	(2,419)	(2,032)	(231)	(12,002)
Balance at 31 December 2020	1,545,276	343,314	924,431	231,451	3,044,472
Accumulated depreciation:					
Balance at 1 January 2020	451,156	298,375	673,947	-	1,423,478
Charge for the year	54,399	17,316	62,313	-	134,028
Disposals	(10,357)	(5,305)	(715)	-	(16,377)
Impairment	75,342	-	-	-	75,342
Exchange adjustments	-	(1,570)	(1,063)	-	(2,633)
Balance at 31 December 2020	570,540	308,816	734,482	-	1,613,838
Carrying amount					
Balance at 31 December 2020	974,736	34,498	189,949	231,451	1,430,634

Notes to the consolidated financial statements
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17 Subsidiaries

17.1 List of material subsidiaries

Below are material interest held by the Group directly or indirectly in subsidiaries:

	Name of subsidiary	Principal activity	Place of incorporation and operation	Ownership interest and voting power	
				2021	2020
1.	Dubai Islamic Bank Pakistan Ltd.	Banking	Pakistan	**100.0%**	100.0%
2.	Noor Bank P.J.S.C.	Banking	U.A.E	**100.0%**	100.0%
3.	Tamweel P.S.C	Financing	U.A.E	**92.0%**	92.0%
4.	DIB Bank Kenya Ltd.	Banking	Kenya	**100.0%**	100.0%
5.	Dubai Islamic Financial Services L.L.C.	Brokerage services	U.A.E.	**99.0%**	99.0%
6.	Deyaar Development P.J.S.C.	Real estate development	U.A.E	**44.9%**	44.9%
7.	Dar al Shariah Islamic Finance Consultancy L.L.C.	Islamic finance advisory	U.A.E.	**100.0%**	60.0%
8.	Al Tanmyah Services L.L.C.	Labour services	U.A.E.	**99.0%**	99.0%
9.	Al Tatweer Al Hadith Real Estate	Real estate development	Egypt	**100.0%**	100.0%
10.	Al Tameer Modern Real Estate Investment	Real estate development	Egypt	**100.0%**	100.0%
11.	Al Tanmia Modern Real Estate Investment	Real estate development	Egypt	**100.0%**	100.0%
12.	Naseej Private Property Management Services	Property management	U.A.E.	**99.0%**	99.0%
13.	Dubai Islamic Bank Printing Press L.L.C.	Printing	U.A.E.	**99.5%**	99.5%
14.	Al Islami Real Estate Investments Ltd.	Investments	U.A.E.	**100.0%**	100.0%
15.	Dubai Islamic Trading Center L.L.C.	Trading in vehicles	U.A.E.	**100.0%**	100.0%
16.	Creek Union Limited FZ LLC	Investments	U.A.E	**100.0%**	100.0%
17.	Madinat Bader Properties Co. L.L.C.	Real Estate Development	U.A.E.	**99.0%**	99.0%
18.	Premium Marketing Services L.L.C	Outsourcing and Marketing activities	U.A.E	**100.0%**	100.0%
19.	Noor BPO L.L.C	Outsourcing and Consultancy services	U.A.E	**100.0%**	100.0%
20.	Zawaya Realty L.L.C	Real Estate Management Services	U.A.E	**100.0%**	100.0%

In addition to the registered ownership described above, the remaining equity in the entities 5, 8, 12, 13 and 17 are also beneficially held by the Bank through nominee arrangements.

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17 Subsidiaries (continued)

17.2 List of Special Purpose Vehicles ("SPV")

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

	Name of SPV	Principal activity	Place of incorporation and operation	Ownership interest and voting power 2021	2020
21.	HoldInvest Real Estate Sarl	Investments	Luxembourg	**100.0%**	100.0%
22.	France Invest Real Estate SAS	Investments	France	**100.0%**	100.0%
23.	SARL Barbanniers	Investments	France	**100.0%**	100.0%
24.	SCI le Sevine	Investments	France	**100.0%**	100.0%
25.	Al Islami Trade Finance FZ L.L.C.	Investments	U.A.E.	**100.0%**	100.0%
26.	MESC Investment Company	Investments	Jordan	**40.0%**	40.0%
27.	Levant One Investment Limited	Investments	U.A.E.	**100.0%**	100.0%
28.	Petra Limited	Investments	Cayman Islands	**100.0%**	100.0%
29.	Deyaar Investments LLC	Investments	U.A.E.	**Controlling Interest**	Controlling Interest
30.	Deyaar Funds LLC	Investments	U.A.E.	**Controlling Interest**	Controlling Interest
31.	Sequia Investments L.L.C.	Investments	U.A.E.	**99.0%**	99.0%
32.	Blue Nile Investments L.L.C.	Investments	U.A.E.	**99.0%**	99.0%
33.	DIB FM Ltd	Investments	Cayman Islands	**100.0%**	100.0%
34.	Noor Sukuk Company Limited	Investments	Cayman Islands	**100.0%**	100.0%
35.	Noor Tier 1 Sukuk Limited	Investments	Cayman Islands	**100.0%**	100.0%
36.	Noor Structured Certificates Ltd.	Investments	Cayman Islands	**100.0%**	100.0%
37.	Noor Derivatives Limited	Investments	Cayman Islands	**100.0%**	100.0%

In addition to the registered ownership described above, the remaining equity in the entities 29, 30, 31 and 32 are also beneficially held by the Bank through nominee arrangements.

17.3 Non-controlling interests

Below are details of subsidiaries of the Group that have material non-controlling interests:

	Name of subsidiary	Proportion of ownership interests and voting rights held by the non-controlling interests 2021 AED'000	2020 AED'000	Profit / (loss) allocated to non-controlling interests 2021 AED'000	2020 AED'000	Accumulated non-controlling interests 2021 AED'000	2020 AED'000
1	Tamweel P.S.C.	**8.0%**	8.0%	**1,940**	(8,150)	**187,714**	189,485
2	Deyaar Development P.J.S.C.	**55.0%**	55.0%	**12,509**	(127,413)	**2,410,235**	2,396,598
3	Others	**-**	-	**583**	1,430	**583**	1,152
	Total			**15,032**	(134,133)	**2,598,532**	2,587,235

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17 Subsidiaries (continued)

17.4 Material non-controlling interests

Summarised financial information of material non-controlling interests before intragroup elimination is as follows:

17.4.1 Tamweel P.S.C

	31 December 2021 AED'000	31 December 2020 AED'000
Statement of financial position		
Islamic financing and investing assets, net	**1,281,944**	1,588,261
Receivable and other assets	**1,567,341**	1,245,825
Total assets	**2,849,285**	2,834,036
Payable and other liabilities	**64,824**	81,765
Total liabilities	**64,824**	81,765
Net assets	**2,784,461**	2,752,321

	2021 AED' 000	2020 AED' 000
Statement of comprehensive income		
Total revenue	**146,752**	158,397
Total operating expenses	**(79,410)**	(91,582)
Impairment charges	**(40,702)**	(162,116)
Depositors' share of profit	**-**	(2,391)
Net profit / (loss) for the year	**26,640**	(97,692)
Other comprehensive income / (loss)	**9,211**	(10,766)
Total comprehensive income / (loss)	**35,851**	(108,458)
Statement of cash flows		
Net cash flows generated from operating activities	**250,968**	103,467
Net cash flows generated from investing activities	**72,024**	13,454
Net cash flows generated during the year	**322,992**	116,921

Notes to the consolidated financial statements
for the year ended 31 December 2021

17 Subsidiaries (continued)

17.4 Material non-controlling interests (continued)

17.4.2 Deyaar Development P.J.S.C

	31 December 2021 AED'000	31 December 2020 AED'000
Statement of financial position		
Investment in associates and joint ventures	**1,364,570**	1,345,230
Properties held for development and sale	**1,520,597**	1,334,432
Investment properties	**712,058**	712,575
Receivables and other assets	**1,210,696**	1,258,733
Other	**1,003,084**	973,264
Total assets	**5,811,005**	5,624,234
Due to banks and financial institutions	**795,186**	826,500
Payables and other liabilities	**635,167**	441,866
Total liabilities	**1,430,353**	1,268,366
Net assets	**4,380,652**	4,355,868

	2021 AED'000	2020 AED'000
Statement of comprehensive income		
Total income	**212,492**	205,941
Total expenses	**(206,903)**	(425,368)
Depositors' and sukukholders' share of profit	**(37,194)**	(36,889)
Share of profit from associates and joint ventures	**54,341**	24,741
Profit / (loss) for the year	**22,736**	(231,575)
Other comprehensive loss	**(6,421)**	(7,452)
Total comprehensive income / (loss)	**16,315**	(239,027)
Statement of cash flows		
Net cash flows generated from operating activities	**113,163**	131,604
Net cash flows generated from investing activities	**67,835**	16,388
Net cash flows used in financing activities	**(69,502)**	(191,363)
Net cash flows generated during the year	**111,496**	(43,371)

Adjustments were made to the above financial information to bring the subsidiary's accounting policies in line with those used by the Group.

Notes to the consolidated financial statements
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18 Customers' deposits

18.1 Analysis by category

	Note	**2021 AED'000**	2020 AED'000
Current accounts		**49,073,954**	50,246,390
Saving accounts		**40,721,120**	35,594,493
Investment deposits		**115,704,708**	119,642,844
Margin accounts		**288,910**	373,260
Depositors' investment risk reserve	*18.3*	**18,036**	13,941
Depositors' share of profit payable	*18.4*	**38,362**	54,290
Total		**205,845,090**	205,925,218

18.2 Analysis by geography

	2021 AED'000	2020 AED'000
Within the U.A.E.	**175,336,502**	178,488,916
Outside the U.A.E.	**30,508,588**	27,436,302
Total	**205,845,090**	205,925,218

18.3 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 Sharia Supervision Committee. Zakat on depositors' investment risk reserve is included under Zakat payable and is deducted from the depositors' investment risk reserve balance.

Movement of depositors' investment risk reserve is as follows:

	Note	**2021 AED'000**	2020 AED'000
Balance at 1 January		**13,941**	14,098
Zakat for the year	*23*	**(477)**	(368)
Net transfer from depositors' share of profit during the year	*18.4*	**4,572**	211
Balance at 31 December		**18,036**	13,941

18.4 Depositors' share of profit payable

		2021 AED'000	2020 AED'000
Balance at 1 January		**54,290**	96,494
Depositors' share of profit for the year	*37*	**375,055**	832,526
Net transfer to depositors' investment risk reserve	*18.3*	**(4,572)**	(211)
Less: amount paid during the year		**(386,411)**	(874,519)
Balance at 31 December		**38,362**	54,290

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19 Due to banks and financial institutions

19.1 Analysis by category

	2021 AED'000	2020 AED'000
Current accounts with banks	**161,574**	404,023
Zero Cost Facility from Central Bank of the U.A.E	**-**	3,200,000
Investment deposits	**2,422,169**	9,892,055
Total	**2,583,743**	13,496,078

Investment deposits include deposits of AED 1.0 billion (2020: AED 6.8 billion) under collateralized commodity murabaha arrangement from banks and financial institutions.

Refer note 49 for details of Zero Cost Facility under the Targeted Economic Support Scheme (TESS) from Central Bank of the U.A.E and collateralized with eligible sukuk.

19.2 Analysis by geography

	2021 AED'000	2020 AED'000
Within the U.A.E.	**350,418**	7,752,580
Outside the U.A.E.	**2,233,325**	5,743,498
Total	**2,583,743**	13,496,078

20 Sukuk issued

20.1 Analysis by issuance

The analysis of the Sukuk instruments issued by the Group is as follows:

	Expected annual profit rate	Maturity	2021 AED'000	2020 AED'000
Listed sukuk - Irish Stock Exchange / Nasdaq Dubai				
Sukuk issued by the Bank	3.60%	March 2021	**-**	1,836,500
Sukuk issued by the Bank	3.66%	February 2022	**3,673,000**	3,673,000
Sukuk issued by the Bank	3.63%	February 2023	**3,669,652**	3,666,627
Sukuk issued by the Bank	2.95%	February 2025	**2,750,670**	2,749,371
Sukuk issued by the Bank	2.95%	January 2026	**4,781,170**	4,780,625
Sukuk issued by the Bank	1.96%	June 2026	**3,671,325**	-
Sukuk issued by a subsidiary	4.47%	April 2023	**1,865,500**	1,870,258
Private placement				
Sukuk issued by a subsidiary	6M Kibor + 50 bps	June 2027	**86,153**	95,316
Sukuk issued by a subsidiary	3M Kibor + 175 bps	December 2023	**65,264**	72,434
Total			**20,562,734**	18,744,131

20.2 Sukuk issued by the Bank

The terms of the Programme include transfer of certain identified assets (the "Co-Owned Assets") including original leased and musharaka assets, Sharia compliant authorised investments and any replaced assets of the Bank to DIB Sukuk Limited, Cayman Islands (the "Issuer"). These assets are under the control of the Bank and shall continue to be serviced by the Bank.

Notes to the consolidated financial statements
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20 Sukuk issued (continued)

20.2 Sukuk issued by the Bank (continued)

The Issuer will pay the semi-annually distribution amount from returns received in respect of the Co-Owned Assets. Such proceeds are expected to be sufficient to cover the semi-annually distribution amount payable to the sukuk holders on the semi-annually distribution dates. Upon maturity of the sukuk, the Bank has undertaken to buy these assets at the exercise price from the Issuer.

These sukuk are expected to pay profit to the investors semi-annually based on relevant margin at the time of issuance.

20.3 Sukuk issued by a subsidiary

In June 2017, a subsidiary issued Sharia'a Compliant Trust Certificates of PKR 4,000 million (AED 95.3 million) at an expected profit rate equal to 6M Kibor plus 50 bps per annum. Realised profit on these certificates is payable semi-annually in arrears. The certificates are privately placed among the local banks and financial institution.

In December 2018, a subsidiary issued Sharia'a Compliant Trust Certificates of PKR 3,300 million (AED 72.4 million) at an expected profit rate equal to 3M Kibor plus 175 bps per annum. Realised profit on these certificates is payable monthly in arrears. The certificates are privately placed among the local banks and financial institutions.

21 Payables and other liabilities

21.1 Analysis by category

	Note	**2021 AED'000**	2020 AED'000
Sundry deposits and amanat		**1,160,493**	1,126,280
Acceptances payable		**768,617**	516,240
Depositors' and sukuk holders' share of profit payable	*21.2*	**789,167**	856,325
Provision for employees' end-of-service benefits	*21.3*	**263,594**	246,839
Fair value of Islamic derivative liabilities	*45.1*	**1,422,042**	1,704,417
Provision for taxation	*22.1*	**2,332**	105
Lease liability		**213,022**	260,648
Others		**3,631,495**	3,203,779
Total		**8,250,762**	7,914,633

21.2 Depositors' and sukuk holders share of profit payable

		2021 AED'000	2020 AED'000
Balance at 1 January		**856,325**	1,132,687
Wakala and other investment deposits from banks and customers	*37*	**1,370,850**	2,219,251
Sukukholders' accrued/realised profit on sukuk issued	*37*	**627,520**	619,849
Paid during the year		**(2,065,528)**	(3,115,462)
Balance at 31 December		**789,167**	856,325

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21 Payables and other liabilities (continued)

21.3 Provision for employees' end-of-service benefits

	Note	**2021 AED'000**	2020 AED'000
Balance at 1 January		**246,839**	251,394
Charged during the year	*38*	**33,441**	33,131
Paid during the year		**(16,686)**	(37,686)
Balance at 31 December		**263,594**	246,839

22 Taxation

22.1 Provision for taxation

		2021 AED'000	2020 AED'000
Balance at 1 January		**105**	5,647
Charged during the year	*22.3*	**46,755**	50,618
Paid during the year		**(44,783)**	(56,072)
Foreign exchange effect		**255**	(88)
Balance at 31 December		**2,332**	105

22.2 Deferred tax liability / (asset)

		2021 AED'000	2020 AED'000
Balance at 1 January		**(40,443)**	(36,224)
Charged during the year	*22.3*	**(8,653)**	(4,555)
Foreign exchange effect		**(884)**	336
Balance at 31 December		**(49,980)**	(40,443)

22.3 Income tax expense

		2021 AED'000	2020 AED'000
Current taxation	*22.1*	**46,755**	50,618
Deferred taxation	*22.2*	**(8,653)**	(4,555)
Total		**38,102**	46,063

Effective tax rate reconciliation is not material in relation to the consolidated financial statements as tax charge relates to overseas subsidiaries only.

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23 Zakat payable

	Note	2021 AED'000	2020 AED'000
Zakat charged to equity attributable to shareholders of the Bank		**374,138**	345,650
Zakat accounted and paid by investees		**-**	-
Shareholders' Zakat for the year payable by the Bank		**374,138**	345,650
Zakat adjustment related to previous years		**(13,897)**	127
Net Zakat payable by the Bank on shareholders' behalf		**360,241**	345,777
Zakat on depositors' investment risk reserve	*18.3*	**477**	368
Zakat adjusted / paid for previous years		**13,897**	(127)
Total Zakat payable		**374,615**	346,018

24 Share capital

As at 31 December 2021, 7,240,744,377 authorised ordinary shares of AED 1 each (2020: 7,240,744,377 ordinary shares of AED 1 each) were fully issued and paid up.

25 Tier 1 sukuk

SPV ("the Issuer")	Date of issuance	Discretionary profit rate	Callable period	Issuance amount Equivalent AED '000 31 December 2021	Issuance amount Equivalent AED '000 31 December 2020
DIB Tier 1 Sukuk (3) Limited	January 2019	6.25% per annum paid semi-annually	On or after January 2025	**2,754,750**	2,754,750
DIB Tier 1 Sukuk (4) Limited	November 2020	4.63% per annum paid semi-annually	On or after May 2026	**3,673,000**	3,673,000
DIB Tier 1 Sukuk (5) Limited	April 2021	3.38% per annum paid semi-annually	On or after October 2026	**1,836,500**	-
Noor Tier 1 Sukuk Limited	May 2016	6.25% per annum paid semiannually	On or after June 2021	-	1,836,500
DIB Tier 1 Sukuk (2) Limited	January 2015	6.75% per annum paid semi-annually	On or after January 2021	**-**	3,673,000
				8,264,250	11,937,250

Tier 1 sukuk is a perpetual security in respect of which there is no fixed redemption date and constitutes direct, unsecured, subordinated obligations (senior only to share capital) of the Bank subject to the terms and conditions of the Mudaraba Agreement. The Tier 1 sukuk are listed on the Irish Stock Exchange and Dubai Financial Market / Nasdaq Dubai callable by the Bank after the "First Call Date" or any profit payment date thereafter subject to certain redemption conditions.

The net proceeds of Tier 1 sukuk are invested by way of Mudaraba with the Bank (as Mudareb) on an unrestricted co-mingling basis, by the Bank in its general business activities carried out through the Mudaraba Common pool.

At the Issuer's sole discretion, it may elect not to make any Mudaraba profit distributions expected and the event is not considered an event of default. In such event, the Mudaraba profit will not be accumulated but forfeited to the issuer. If the Issuer makes a non-payment election or a non-payment event occurs, then the Bank will not (a) declare or pay any distribution or dividend or make any other payment on, and will procure that no distribution or dividend or other payment is made on ordinary shares issued by the Bank, or (b) directly or indirectly redeem, purchase, cancel, reduce or otherwise acquire ordinary shares issued by the Bank.

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26 Other reserves and treasury shares

26.1 Movements in other reserves and treasury shares

Movement of the other reserves and treasury shares during the years ended 31 December 2021 and 2020 is as follows:

	Statutory reserve AED'000	General reserve AED'000	Regulatory credit risk reserve AED'000	Share premium AED'000	Treasury shares AED'000	Total AED'000
2021						
Balance at 1 January 2021	**11,465,984**	**2,350,000**	**-**	**-**	**(31,316)**	**13,784,668**
Transfer from retained earnings	**-**	**-**	**300,000**	**-**	**-**	**300,000**
Balance at 31 December 2021	**11,465,984**	**2,350,000**	**300,000**	**-**	**(31,316)**	**14,084,668**
2020						
Balance at 1 January 2020	8,542,279	2,350,000	252,000	-	(31,316)	11,112,963
Transfer to retained earnings	-	-	(252,000)	-	-	(252,000)
Issuance of shares	-	-	-	2,923,705	-	2,923,705
Transfer to statutory reserve	2,923,705	-	-	(2,923,705)	-	-
Balance at 31 December 2020	11,465,984	2,350,000	-	-	(31,316)	13,784,668

26.2 Statutory reserve

Article 239 of the U.A.E. Federal Law No. (2) of 2015 and the Articles of Association of the Bank, require that 10% of the profit attributable to the shareholders is transferred to a non-distributable statutory reserve until this reserve equals 50% of the paid up share capital. This reserve is not available for distribution other than in circumstances stipulated by law.

26.3 Regulatory credit risk reserve

Regulatory credit risk reserve is a non-distributable reserve held for regulatory general provision requirement.

In accordance with Guidance Note to Banks for the Implementation of IFRS 9, issued by Central Bank of UAE (CBUAE), in case where provision for impairment required under CBUAE guidance exceed provisions for impairment raised in IFRS 9, the excess amount is required to be transferred to a non-distributable regulatory credit risk reserve.

	2021 AED'000	2020 AED'000
Regulatory general provision – 1.5% of credit risk weighted assets	**3,130,945**	3,074,005
Aggregate expected credit loss for stage 1 and 2	**2,158,664**	2,448,862
Acquisition fair value adjustment and Stage 1 and 2 ECL of acquired entity	**674,120**	802,000
Regulatory credit risk reserve	**300,000**	-
Regulatory general provision available	**3,132,784**	3,250,862

26.4 General reserve

Transfer to general reserve is made based on the discretion of the Board of Directors and is subject to the approval of the Shareholders at the annual general meeting.

26.5 Treasury shares

The Group holds 13,633,477 treasury shares (2020: 13,633,477 shares) amounting to AED 31.3 million (2020: AED 31.3 million).

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27 Investments fair value reserve

	2021 AED'000	2020 AED'000
Balance at 1 January	**(1,102,451)**	(1,174,698)
Fair value loss on other investments at FVTOCI, net	**129,496**	(310,649)
Transfer to retained earnings on disposal of FVTOCI investments	**-**	382,896
Balance at 31 December	**(972,955)**	(1,102,451)

28 Exchange translation reserve

Exchange translation reserve relating to the translation of the results and net assets of the Bank's foreign operations from their functional currencies to the Bank's presentation currency (i.e. AED) are recognised directly in other comprehensive income and accumulated in the exchange translation reserve.

29 Dividends paid and proposed

The Board of Directors has proposed a cash dividend of AED 0.25 per share at their meeting held on 25 January 2022.

For the year ended 31 December 2020, the shareholders approved a cash dividend of AED 0.20 per share (AED 1,445.4 million) at the Annual General Meeting held on 16 March 2021.

30 Contingent liabilities and commitments

Financing-related financial instruments include commitments to extend Islamic financing, standby letters of credit and guarantees which are designed to meet the requirements of the Group customers.

Commitments to extend Islamic financing represent contractual commitments to provide Islamic financing. Commitments generally have fixed expiration dates, or other termination clauses and normally require the payment of a fee. Since commitments may expire without being utilised, the total contract amounts do not necessarily represent future cash requirements. Standby letters of credit and guarantees commit the Group to make payments on behalf of customers contingent upon the failure of the customer to perform under the terms of the contract.

Analysis of contingent liabilities and commitments as at 31 December 2021 and 2020 is as follows:

	2021 AED'000	2020 AED'000
Contingent liabilities and commitments:		
Letters of guarantee	**10,313,753**	13,362,142
Letters of credit	**1,619,513**	1,480,532
Undrawn facilities commitments	**15,372,525**	26,004,328
Total contingent liabilities and commitments	**27,305,791**	40,847,002
Other commitments:		
Capital expenditure commitments	**1,370,121**	1,090,986
Total other commitments	**1,370,121**	1,090,986
Total contingent liabilities and commitments	**28,675,912**	41,937,988

Notes to the consolidated financial statements
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31 Income from Islamic financing and investing transactions

	2021 AED'000	2020 AED'000
Income from Islamic financing and investing assets	**7,428,983**	8,672,203
Income from investments in Sukuk	**1,532,523**	1,571,860
Income from international murabaha with the Central Bank	**30,573**	87,406
Income from investment and wakala deposits with financial institutions	**13,852**	13,837
Income from international murabaha with financial institutions	**6,777**	25,045
Total	**9,012,708**	10,370,351

Income from financing and investing assets is presented net of forfeited income of AED 1.0 million (2020: AED 6.1 million). During the year ended 31 December 2021, the Group has distributed from the charity fund of the Bank AED 7.8 million (2020: AED 37.1 million) for various social contribution purposes.

32 Commissions, fees and foreign exchange income

	2021 AED'000	2020 AED'000
Commission and fees	**1,111,962**	1,176,461
Foreign exchange income	**360,421**	290,857
Fair value gain of Islamic derivatives	**15,145**	16,295
Other commissions and fees	**167,277**	162,003
Total	**1,654,805**	1,645,616

33 Income from other investments measured at fair value, net

	2021 AED'000	2020 AED'000
Dividend income from investments measured at FVTOCI	**20,602**	50,271
Gain / (loss) on investments measured at FVTPL	**-**	390
Total	**20,602**	50,661

34 Income from properties held for development and sale, net

	Note	2021 AED'000	2020 AED'000
Sales proceeds		**314,018**	226,943
Less: cost of sale	*13.1*	**(231,567)**	(173,250)
Total		**82,451**	53,693

35 Income from investment properties

Income from investment properties represents the net rental income amounting to AED 96.3 million (2020: AED 64.9 million) recognised by the Group from its investment properties and a gain of AED 128.3 million (2020: AED 18.4 million) on disposal of certain investment properties.

Notes to the consolidated financial statements
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36 Other income

	Note	2021 AED'000	2020 AED'000
Realised gain on disposal of investments in Sukuk		**415,525**	526,326
Services income, net		**86,873**	66,740
Net gain on disposal of property and equipment		**13,319**	5,498
Others		**168,138**	320,018
Total		**683,855**	918,582

37 Depositors' and sukuk holders' share of profit

		2021 AED'000	2020 AED'000
Mudaraba investment and savings deposits from customers	*18.4*	**375,055**	832,526
Wakala and other investment deposits of banks and customers	*21.2*	**1,370,850**	2,219,251
Sukukholders' accrued/realised profit on sukuk issued	*21.2*	**627,520**	619,849
Total		**2,373,425**	3,671,626

38 Personnel expenses

		2021 AED'000	2020 AED'000
Salaries, wages and other benefits		**1,477,933**	1,666,401
Staff terminal benefits	*21.3*	**33,441**	33,131
Total		**1,511,374**	1,699,532

39 General and administrative expenses

	2021 AED'000	2020 AED'000
Premises and equipment maintenance costs	**152,533**	133,631
Administrative expenses	**179,874**	154,469
Rental charges under operating leases	**99,258**	104,248
Other operating expenses	**406,900**	445,335
Total	**838,565**	837,683

Notes to the consolidated financial statements
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40 Impairment charges, net

		2021 AED'000	2020 AED'000
Financial assets			
Provision for Islamic financing and investing assets charged	*9.3*	**1,971,260**	3,809,394
Net provision charge for other assets		**422,750**	205,828
Impairment charges for financial assets, net		**2,394,010**	4,015,222
Non-financial assets			
Impairment charge for investment properties and properties held for sale		**54,162**	461,125
Impairment charge for property and equipment		**-**	75,342
Impairment charge for non-financial assets		**54,162**	536,467
Total impairment charges, net		**2,448,172**	4,551,689

41 Basic and diluted earnings per share

Basic and diluted earnings per share are calculated by dividing the profit for the year attributable to owners of the Bank, net of directors' remuneration and profit attributable to Tier 1 sukukholders by the weighted average number of shares outstanding during the year as follows:

	2021 AED'000	2020 AED'000
Profit for the year attributable to owners of the Bank	**4,390,996**	3,293,820
Profit attributable to Tier 1 sukukholders	**(554,393)**	(534,877)
Board of Directors' remuneration	**(24,500)**	(20,000)
	3,812,103	2,738,943
Weighted average number of shares outstanding during the year ('000)	**7,227,111**	7,227,111
Basic and diluted earnings per share (AED per share)	**0.53**	0.38

As of the reporting date, the diluted earnings per share is equal to the basic earnings per share as the Bank has not issued any financial instruments that should be taken into consideration when the diluted earnings per share is calculated.

42 Cash and cash equivalents

	Note	2021 AED'000	2020 AED'000
Cash and balances with the central banks	*7.1*	**28,079,740**	29,205,588
Due from banks and financial institutions	*8.1*	**3,303,412**	6,448,591
Due to banks and financial institutions	*19.1*	**(2,583,743)**	(13,496,078)
		28,799,409	22,158,101
Less: balances and deposits with banks and financial institutions with original maturity over three months		**(146,900)**	-
Add: Due to banks and financial institutions over three months		**1,621,037**	11,725,659
Balance at 31 December		**30,273,546**	33,883,760

Notes to the consolidated financial statements
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43 Related party transactions

43.1 Identification of related parties

Parties are considered to be related if one party has the ability to control or influence the other party in making financial or operating decisions.

The Bank enters into transactions with shareholders, associates, directors, key management personnel and their related concerns in the ordinary course of business at terms agreed between both parties.

Balances and transactions between the Bank and its subsidiaries, which are related parties of the Bank, have been eliminated on consolidation and are not disclosed in this note.

43.2 Major shareholders

As at 31 December 2021, the major shareholder of the Bank is Investment Corporation of Dubai ("ICD"), a company in which the Government of Dubai is the majority shareholder.

43.3 Significant balances and transactions

Proportion of various assets and liabilities with Investment Corporation of Dubai ("ICD") related entities, other than those that have been individually disclosed below are as follows. These entities are independently run commercial entities, and all financial transactions with the Bank are on arm's length basis.

	2021	2020
	%	%
Islamic financing and investing assets	**7.0**	9.1
Customer deposits	**8.7**	8.9

43.4 Compensation of key management personnel

	2021 AED'000	2020 AED'000
Salaries and other benefits	**78,575**	86,090
Employee terminal benefits	**1,042**	986
	=========	=========

43.5 Related parties balances

Significant balances of related parties included in the consolidated financial statement are as follows:

	Major shareholders AED'000	**Directors and key management personnel AED'000**	**Associates and joint ventures AED'000**	**Total AED'000**
2021				
Islamic financing and investing assets	**1,576,425**	**101,299**	**774**	**1,678,498**
Investment in sukuk	**157,225**	**-**	**-**	**157,225**
Customers' deposits	**2,313,848**	**188,327**	**8,386**	**2,510,561**
Contingent liabilities and commitments	**-**	**46,278**	**1,186**	**47,464**
Income from Islamic financing and investing	**34,333**	**3,736**	**69**	**38,138**
Income from investment in sukuk	**6,836**	**-**	**-**	**6,836**
Depositors' share of profits	**22,779**	**1,281**	**-**	**24,060**

Notes to the consolidated financial statements
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43 Related party transactions (continued)

43.5 Related parties balances (continued)

	Major shareholders AED'000	Directors and key management personnel AED'000	Associates and joint ventures AED'000	Total AED'000
2020				
Islamic financing and investing assets	1,851,900	51,902	1,363	1,905,165
Investment in sukuk	157,747	-	-	157,747
Customers' deposits	2,102,644	183,935	6,847	2,293,426
Contingent liabilities and commitments	-	-	1,186	1,186
Income from Islamic financing and investing assets	43,258	2,194	131	45,583
Income from investment in sukuk	12,930	-	-	12,930
Depositors' share of profits	34,434	2,636	-	37,070

No impairment allowances have been recognised against Islamic financing and investing assets extended to related parties or contingent liabilities and commitments issued in favour of related parties during the years ended 31 December 2021 and 2020.

44 Segmental information

44.1 Reportable segments

Reportable segments are identified on the basis of internal reports about the components of the Group that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group's reportable segments are organised into five major segments as follows:

- Consumer banking: Principally handling individual customers' deposits, providing consumer murabaha, salam, home finance, ijarah, credit cards and funds transfer facilities, priority banking and wealth management.
- Corporate banking: Principally handling financing, other credit facilities, deposits, current accounts, cash management and risk management products for corporate and institutional customers.
- Treasury: Principally responsible for managing the Bank's overall liquidity and market risk and provides treasury services to customers. Treasury also runs its own Sukuk and specialised financial instruments book to manage the above risks.
- Real estate development: Property development and other real estate investments by a subsidiary.
- Others: Functions other than above core lines of businesses including investment banking services.

The accounting policies of the above reportable segments are the same as the Group's accounting policies. There has been no change in the reportable segments as a result of acquisition of Noor Bank.

Notes to the consolidated financial statements for the year ended 31 December 2021

44 Segmental information (continued)

44.2 Segment profitability

The following table presents profit or loss and certain asset and liability information regarding the Group's business segments for the year ended 31 December:

	Consumer banking		Corporate banking		Treasury		Real estate development		Others		Total	
	2021 AED'000	2020 AED'000	**2021 AED'000**	2020 AED'000	**2021 AED'000**	2020 AED'000	**2021 AED'000**	2020 AED'000	**2021 AED'000**	2020 AED'000	**2021 AED'000**	2020 AED'000
Net operating revenue	**3,665,073**	3,967,127	**3,163,179**	3,217,398	**1,617,128**	1,552,156	**229,639**	193,793	**746,560**	540,231	**9,421,579**	9,470,705
Operating expense	**(1,119,354)**	(1,265,798)	**(429,905)**	(537,923)	**(89,339)**	(122,130)	**(192,980)**	(186,938)	**(697,699)**	(615,131)	**(2,529,277)**	(2,727,920)
Net operating revenue	**2,545,719**	2,701,329	**2,733,274**	2,679,475	**1,527,789**	1,430,026	**36,659**	6,855	**48,861**	(74,900)	**6,892,302**	6,742,785
Impairment charge, net											**(2,448,172)**	(4,551,689)
Gain on bargain purchase											**-**	1,014,654
Profit before income tax											**4,444,130**	3,205,750
Income tax expense											**(38,102)**	(46,063)
Profit for the year											**4,406,028**	3,159,687

44.3 Segment financial position

Following table presents assets and liabilities regarding the Group's business segments:

	Consumer banking		Corporate banking		Treasury		Real estate development		Others		Total	
	2021 AED'000	2020 AED'000	**2021 AED'000**	2020 AED'000	**2021 AED'000**	2020 AED'000	**2021 AED'000**	2020 AED'000	**2021 AED'000**	2020 AED'000	**2021 AED'000**	2020 AED'000
Segment assets	**48,547,258**	49,489,685	**135,333,082**	145,728,116	**45,304,215**	39,408,050	**5,566,996**	5,477,731	**44,330,019**	49,452,871	**279,081,570**	289,556,453
Segment liabilities	**85,053,086**	90,952,775	**122,407,714**	115,429,744	**2,284,007**	3,043,591	**632,191**	1,072,125	**27,239,946**	35,927,843	**237,616,944**	246,426,078

Notes to the consolidated financial statements
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44 Segmental information (continued)

44.4 Geographical information

Although the management of the Group is based primarily on business segments, the Group operates in two geographic markets: inside the U.A.E. which is designated as domestic and outside the U.A.E. which is designated as international.

The following table show the distribution of the Group's external gross income allocated based on the location of the operating centres for the years ended 31 December 2021 and 2020:

	Gross income from external customers	
	2021	2020
	AED'000	AED'000
Within the U.A.E.	**11,097,666**	12,447,867
Outside the U.A.E.	**697,338**	694,464
Total	**11,795,004**	13,142,331

Gross income from external customers geographical analysis is based on the Group's operating centres and subsidiaries and associates locations.

Revenue from major products and services are disclosed in notes 31 to 36 to the consolidated financial statements.

45 Islamic derivative financial instruments

45.1 Fair values of Islamic derivative 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.

				Notional amounts by term to maturity				
	Positive fair value AED'000	**Negative fair value AED'000**	**Notional amount total AED'000**	**Within 3 months AED'000**	**Over 3 months to 1 year AED'000**	**Over 1 year to 3 years AED'000**	**Over 3 to 5 years AED'000**	**Over 5 years AED'000**
2021								
Islamic Derivatives held for trading:								
Unilateral promise to buy/sell currencies	**687,748**	**741,297**	**23,610,544**	**15,458,291**	**8,152,253**	**-**	**-**	**-**
Islamic profit rate swaps	**809,247**	**679,576**	**69,675,153**	**384,453**	**1,760,994**	**11,673,295**	**14,426,705**	**41,429,706**
Islamic currency (Call/Put) options	**1,169**	**1,169**	**229,563**	**110,190**	**119,373**	**-**	**-**	**-**
Total	**1,498,164**	**1,422,042**	**93,515,260**	**15,952,934**	**10,032,620**	**11,673,295**	**14,426,705**	**41,429,706**
2020								
Islamic Derivatives held for trading:								
Unilateral promise to buy/sell currencies	405,447	309,430	12,836,473	3,486,309	9,350,164	-	-	-
Islamic profit rate swaps	1,476,818	1,388,879	68,024,353	2,750	2,440,446	13,013,911	10,583,068	41,984,178
Islamic currency (Call/Put) options	6,269	6,108	537,587	208,877	211,174	117,536	-	-
Total	1,888,534	1,704,417	81,398,413	3,697,936	12,001,784	13,131,447	10,583,068	41,984,178

Notes to the consolidated financial statements
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45 Islamic derivative financial instruments (continued)

45.2 Types of Islamic derivatives

45.2.1 Unilateral Promise to buy/sell currencies

Unilateral promises to buy/sell currencies are promises to either buy or sell a specified currency at a specific price and date in the future. The actual transactions are executed on the value dates, by exchanging the purchase/sale offers and acceptances between the relevant parties and delivering (exchanging) the relevant currencies on spot basis.

45.2.2 Islamic Swaps

Islamic Swaps are based on a Waa'd (promise) structure between two parties to buy a specified Sharia'a compliant commodity at an agreed price on the relevant date in future. It is a conditional promise to purchase a commodity through a unilateral purchase undertaking. Islamic swap structure comprises profit rate swap and currency swap. For Islamic profit rate swaps, counterparties generally exchange fixed and floating rate profit payments by executing the purchase/sale of commodity under "Murabaha Sale Agreement" in a single currency. For Islamic currency swaps, fixed or floating profit payments as well as cost of underlying commodity are exchanged in different currencies, by executing the purchase/sale of commodity under "Murabaha Sale Agreement".

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46 Financial assets and liabilities

46.1 Financial instruments classification

The table below sets out the Group classification of each class of financial assets and liabilities and their carrying amounts as at 31 December 2021 and 2020:

2021	Fair value through OCI AED'000	Fair value through profit or loss AED'000	Amortised cost AED'000	Carrying amount AED'000
Financial assets				
Cash and balances with central banks	**-**	**-**	**28,079,740**	**28,079,740**
Due from banks and financial institutions	**-**	**-**	**3,303,412**	**3,303,412**
Islamic financing and investing assets, net	**-**	**-**	**186,690,551**	**186,690,551**
Investment in sukuk	**507,052**	**-**	**41,287,305**	**41,794,357**
Other investments measured at fair value	**1,229,469**	**-**	**-**	**1,229,469**
Receivables and other assets	**-**	**1,498,164**	**5,464,310**	**6,962,474**
	1,736,521	**1,498,164**	**264,825,318**	**268,060,003**
Financial liabilities				
Customers' deposits	**-**	**-**	**205,845,090**	**205,845,090**
Due to banks and financial institutions	**-**	**-**	**2,583,743**	**2,583,743**
Sukuk issued	**-**	**-**	**20,562,734**	**20,562,734**
Payables and other liabilities	**-**	**1,422,042**	**7,030,242**	**8,452,284**
	-	**1,422,042**	**236,021,809**	**237,443,851**
2020				
Financial assets				
Cash and balances with central banks	-	-	29,205,588	29,205,588
Due from banks and financial institutions	-	-	6,448,591	6,448,591
Islamic financing and investing assets, net	-	-	196,689,031	196,689,031
Investment in sukuk	1,033,809	-	34,321,106	35,354,915
Other investments measured at fair value	1,110,962	-	-	1,110,962
Receivables and other assets	-	1,888,534	7,524,617	9,413,151
	2,144,771	1,888,534	274,188,933	278,222,238
Financial liabilities				
Customers' deposits	-	-	205,925,218	205,925,218
Due to banks and financial institutions	-	-	13,496,078	13,496,078
Sukuk issued	-	-	18,744,131	18,744,131
Payables and other liabilities	-	1,704,417	6,389,992	8,094,409
	-	1,704,417	244,555,419	246,259,836

Notes to the consolidated financial statements
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46 Financial assets and liabilities (continued)

46.2 Fair value of financial instruments

This note provides information about how the Group determines the fair value of various financial assets and financial liabilities.

46.2.1 Fair value of the Group's financial assets and financial liabilities

All of the Group's financial assets and financial liabilities, which are reported at their fair value in these consolidated financial statements, are measured at fair value at end of each reporting period. The fair value of financial assets and financial liabilities are determined as follows:

- Fair value of all quoted other investments measured at fair value through profit or loss and at fair value through other comprehensive income (note 11) are based on quoted price in an active market (unadjusted);
- Fair value of all unquoted other investments measured at fair value through other comprehensive income are mainly based on unobservable inputs like net asset valuation method and market based valuation techniques which include comparable proxy inputs and recent market transactions. The Group has determined that the reported net asset value represents the fair value at end of the reporting period; and
- Fair value of all Islamic derivatives financial instruments (Sharia compliant profit rate swap and unilateral promise to buy/sell currencies) is based on present value calculation of the estimated future cash flows. Future cash flows are estimated, based on forward (promise) profit rates and/or exchange rates (from observable yield curves and/or forward exchange rates at the end of each reporting period) and contract (based on promise) profit and/or forward (promise) rates, estimated at a rate that reflects the credit risk of various counterparties.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumption are required to reflect differences between the instruments.

The table below summarises the Group's financial instruments' fair value according to fair value hierarchy:

2021	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Investments measured at fair value through other comprehensive income				
Quoted instruments	**767,969**	**-**	**-**	**767,969**
Unquoted instruments	**-**	**-**	**968,552**	**968,552**
Other assets				
Islamic derivative assets	**-**	**1,498,164**	**-**	**1,498,164**
Financial assets measured at fair value	**767,969**	**1,498,164**	**968,552**	**3,234,685**
Other liabilities				
Islamic derivative liabilities	**-**	**1,422,042**	**-**	**1,422,042**

Notes to the consolidated financial statements
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46 Financial assets and liabilities (continued)

46.2 Fair value of financial instruments (continued)

46.2.1 Fair value of the Group's financial assets and financial liabilities (continued)

2020	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Investments measured at fair value through other comprehensive income				
Quoted instruments	1,227,476	-	-	1,227,476
Unquoted instruments	-	-	917,295	917,295
Other assets				
Islamic derivative assets	-	1,888,534	-	1,888,534
Financial assets measured at fair value	1,227,476	1,888,534	917,295	4,033,305
Other liabilities				
Islamic derivative liabilities	-	1,704,417	-	1,704,417

There were no transfers between Level 1, 2 and 3 during the years ended 31 December 2021 and 2020.

46.2.2 Reconciliation of Level 3 fair value measurement of financial assets measured at fair value through other comprehensive income

	2021 AED'000	2020 AED'000
Balance at 1 January	**917,295**	713,363
Gain / (loss) in other comprehensive income	**65,195**	(209,905)
Addition on Noor bank acquisition	**-**	390,074
Others	**(13,938)**	23,763
Balance at 31 December	**968,552**	917,295

Notes to the consolidated financial statements
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46 Financial assets and liabilities (continued)

46.2.3 Fair value of financial instruments measured at amortised cost

Except as detailed in the following table, management considers that the carrying amounts of financial assets and financial liabilities (other than cash which is stated at level 2) recognised in the consolidated financial statement approximate their fair values and is included in level 3.

	Carrying amount AED'000	Fair value Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
2021					
Financial assets:					
Investments in Sukuk	**41,794,357**	**35,129,410**	**-**	**7,310,615**	**42,440,025**
Financial liabilities:					
Sukuk issued	**20,562,734**	**20,902,995**	**-**	**151,417**	**21,054,412**
2020					
Financial assets:					
Investments in Sukuk	35,354,915	29,873,618	-	6,983,661	36,857,279
***Financial liabilities*:**					
Sukuk issued	18,744,131	19,303,728	-	167,750	19,471,478

47 Financial risk management

47.1 Introduction

Risk is inherent in the Group's activities and is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his responsibilities.

The Group is exposed to various risks including but not limited to:
- Credit risk;
- Liquidity risk;
- Market risk;
- Operational risk;
- Reputational risk;
- Regulatory / compliance risk;
- Information security;
- Sharia compliance risk; and
- Conduct risk

47.1.1 Risk management structure

The Board of Directors, supported by the Board Risk Compliance and Governance Committee, Risk Management Committee of the management and Group Risk Management Department, is ultimately responsible for identifying, monitoring and controlling risks; additionally there are other independent bodies / functions also responsible for managing and monitoring risks.

Board of Directors

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies and policies.

Notes to the consolidated financial statements
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47 Financial risk management (continued)

47.1 Introduction (continued)

47.1.1 Risk management structure (continued)

Board Risk Compliance and Governance Committee

The Board Risk Compliance and Governance Committee has the overall responsibility for the development of the risk strategies, frameworks, policies and limits, and for recommending these strategies and policies to the Board of Directors. It is responsible for the fundamental risk issues, and manages and monitors relevant risk decisions.

Risk Management Committee

The day-to-day monitoring of risk has been delegated to Risk Management Committee of the management.

The Risk Management Committee has the overall responsibility to support the Board Risk Management Committee for the development and formulation of the risk strategies, frameworks, policies and limits. It is responsible for ensuring the compliance with all risk limits, monitoring risk exposures and implementing the regulatory guidelines issued by the regulatory bodies (e.g. The Central Bank of the U.A.E.).

Group Risk Management Department

The Risk Management Department is responsible for implementing and maintaining risk related procedures to ensure risk remains within the acceptable range as approved by the Board Risk Management Committee and the Board of Directors. The department is responsible for credit administration, portfolio management, credit risk, liquidity risk, market risk, operational risk, conduct risk and overall risk control.

Asset and Liability Management Committee

Asset and Liability Management Committee (“ALCO”) is responsible for managing the Group’s assets and liabilities. It is also primarily responsible for the funding and liquidity risks of the Group.

IFRS 9 Committee

The Committee is established to assist management in fulfilling their responsibilities with respect to the following:

- Compliance with IFRS 9 standards, related CBUAE applicable regulatory rules, and the Bank’s policies; and
- that the DIB Group prudently recognizes significant deterioration in credit quality and non-performance and carries appropriate level of expected credit loss.

The Committee’s primary responsibility comprises supervising, monitoring, application and review of all impairment models in respect of use of expected credit losses and related central bank guidelines including monitoring of staging of exposures and considering ordinary and extraordinary circumstances in determining ECL stage and ECL levels. The Committee meets regularly and reports to Risk Management Committee (RMC).

Compliance Committee

The Committee is established to assist management in fulfilling their responsibilities with respect to compliance, particularly promoting a culture of compliance within DIB, its subsidiaries and affiliates (together the Group) ensuring that the policies and approach to compliance within the Group are adequate and effective.

Internal Audit Department

Risk management processes throughout the Group are audited periodically by the Internal Audit Department which examines both the adequacy of the procedures and the Group’s compliance with the procedures. Internal Audit Department comments on the results of their assessments with management, and reports its findings and recommendations to the Board Audit Committee.

Notes to the consolidated financial statements
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47 Financial risk management (continued)

47.1 Introduction (continued)

47.1.1 Risk management structure (continued)

Internal Sharia Audit Department

Compliance to Sharia and the Fatawa issued by the ISSC of the Bank in all the matters of the Bank including the execution of the transactions are audited periodically by the Internal Sharia Audit Department which examines the adequacy of the procedures and the Group's compliance with the Fatawa and guidance of the ISSC. Internal Sharia Audit Department discusses the findings of their assessments with the management and submits the findings along with responses of the relevant departments and its recommendations to the ISSC then to the Board Audit Committee.

Sharia Compliance Unit

Moreover, there is a Sharia Compliance Unit under Internal Sharia Control Department of the Bank which constantly monitors Sharia Risk and Sharia compliance level of the Bank and submits its quarterly reports to the ISSC and the management.

47.1.2 Risk measurement and reporting systems

The Group measures risks using qualitative as well as quantitative methods for credit, market, liquidity and operational risks. Further, the Group also uses quantitative analysis and methods to support revisions in business and risk strategies as and when required. These analysis and methods reflect both the expected loss likely to arise in normal course of business or unexpected losses in an unforeseen event based on simple statistical techniques and probabilities derived from historical experience. The Group also runs stress scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

Monitoring and controlling risks is primarily performed based on limits established by the Board of Directors and management. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept, with additional emphasis on selected industries.

Information compiled from all the businesses is examined and processed in order to analyse the risk profile and identify early risks. This information is presented and explained to the management, management committees, the Risk Management Committee, and Board Risk Compliance and Governance Committee. Specialized reports are presented to the pertinent heads of business and are delivered with a frequency suited to the volatility of the risk. The report includes aggregate credit exposure, limit exceptions, liquidity, operational loss incidents and other risk profile changes. On a monthly basis, detailed reporting of industry, customer and geographic risks takes place. Senior management assesses the appropriateness of the provision for impairment losses on a quarterly basis.

47.1.3 Model risk management

The Bank uses a number of quantitative models in many of its financial and business activities from underwriting a credit facility to reporting expected credit losses under IFRS 9, assessing liquidity risk, profit rate risk and many other areas.

To manage the model risks, the Bank has developed and implemented Model Risk Management Policy which contains bank wide development, implementation and validation policies and practices. According to the framework, all internally or externally developed risk quantification models that directly affect the financial reporting on expected credit losses require validation periodically (internally or externally). Model Risk Management Committee (MRMC) is responsible for overseeing all model related development, implementation of framework and performance of the models. MRMC reports to Risk Management Committee of the Bank.

The Framework establishes a systematic approach to manage the development, implementation, approval, validation and ongoing use of models. It sets out an effective governance and management structure with clearly defined roles and responsibilities, policies and controls for managing model risk. The Framework is reviewed on a regular basis to ensure it meets regulatory standards and international practices. Any major change to the Framework is approved by the Risk Management Committee upon recommendation of MRMC.

The Bank has an independent validation function that performs independent model validation. It provides Fit-for-Purpose, Conditional Approval or Not Fit-for-Purpose recommendation to MRMC to approve the use of the new risk quantification / valuation models. In addition to new model validation, the validation function also evaluates the performance of existing models through an annual validation process.

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47 Financial risk management (continued)

47.1 Introduction (continued)

47.1.4 Risk mitigation

As part of its overall risk management, the Group uses various methods to manage exposures resulting from changes in credit risks, liquidity risks, market risks (including profit rate risk, foreign exchange risk, and equity price risk), and operational risks.

The Group seeks to manage its credit risk exposures through diversification of financing and investing activities to avoid undue concentration of risk with individuals and groups of customers in specific locations or businesses. The Group actively uses collateral to reduce its credit risks.

In order to guard against liquidity risk, management has diversified funding sources and assets are managed with overall liquidity in consideration maintaining a healthy balance of liquid assets (i.e. cash and cash equivalents).

The market risks are managed on the basis of predetermined asset allocation across various asset categories and continuous appraisal of market conditions for movement and expectation of foreign currencies rate, bench mark profit rates and equity prices.

To manage all other risks, the Group has developed a detailed risk management framework to identify and apply resources to mitigate the risks.

47.1.5 Risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group performance to developments affecting a particular industry or geographical location.

47.2 Credit risk

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Credit risk measurement

The Group assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparties. These segments include: Corporate, Contracting, SME, FI and Real Estate. Models are developed with the external support of accredited consultants and are also subjected to external validation. Models are calibrated to the Group's internal rating scale, and are housed within the Moody's CreditLens platform.

The rating tools are kept under review and upgraded as necessary. The Group regularly validates the performance of the rating and their predictive power with regard to default events.

Collateral

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of securities for facilities provided, which is a common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for Islamic financing and investing assets are:

- Mortgages over residential and commercial properties;
- Corporate guarantees;
- Charges over business assets such as premises, machinery, vehicles and inventory; and
- Charges over financial instruments such as deposits and equity investments.

Notes to the consolidated financial statements
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47 Financial risk management (continued)

47.2 Credit risk (continued)

Islamic derivative financial instruments

Credit risk arising from Islamic derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the consolidated financial position.

Credit-related commitments risks

The Bank makes available to its customers guarantees and letters of credit which require that the Bank makes payments in the event that the customer fails to fulfil certain obligations to other parties. This exposes the Group to a similar risk to Islamic financing and investing assets and these are mitigated by the same control processes and policies.

47.2.1 Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

The table below shows the maximum exposure to credit risk by class of financial asset, including Islamic derivatives. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements.

	Gross maximum exposure 2021 AED'000	Gross maximum exposure 2020 AED'000
Balances with central banks	**26,012,493**	27,005,414
Due from banks and financial institutions	**3,306,330**	6,451,509
Islamic financing and investing assets	**195,616,580**	205,089,878
Investment in sukuk	**42,023,444**	35,461,891
Other investments measured at fair value	**1,229,469**	1,110,962
Receivables and other assets	**8,103,720**	10,397,637
	276,292,036	285,517,291
Contingent liabilities	**11,933,266**	14,842,674
Commitments	**15,372,525**	27,095,313
Total	**303,597,827**	327,455,278

47.2.2 Risk concentrations of the maximum exposure to credit risk

Concentration of risk is managed by client/counterparty, by geographical region and by industry sector. The Group's financial assets, before taking into account any collateral held or other credit enhancements can be analysed by the following geographical regions:

	2021 AED'000	2020 AED'000
The U.A.E.	**259,924,048**	292,727,776
Other Gulf Cooperation Council (GCC) countries	**17,617,582**	11,681,221
Asia	**13,973,356**	14,284,729
Europe	**8,631,306**	6,805,688
Africa	**2,617,128**	419,558
Others	**834,407**	1,536,306
Total	**303,597,827**	327,455,278

Notes to the consolidated financial statements
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47 Financial risk management (continued)

47.2 Credit risk (continued)

47.2.2 Risk concentrations of the maximum exposure to credit risk (continued)

An industry sector analysis of the Group's financial assets, before taking into account collateral held or other credit enhancements, is as follows:

	Gross Maximum Exposure 2021 AED'000	Gross Maximum Exposure 2020 AED'000
Government	**47,719,428**	54,067,144
Financial Institutions	**39,658,422**	54,073,712
Real estate	**59,457,149**	63,030,203
Contracting	**12,526,932**	12,137,645
Trade	**8,791,632**	13,159,738
Aviation	**21,182,483**	22,562,428
Services and others	**63,459,455**	54,361,717
Consumer financing	**28,894,117**	32,678,443
Consumer home finance	**21,908,209**	21,384,248
Total	**303,597,827**	327,455,278

47.2.3 Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Credit policy guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- For commercial Islamic financing and investing facilities, charges over real estate properties, inventory, leased assets and trade receivables;
- For retail Islamic financing and investing facilities, charge over assets and mortgages over properties; and
- Shares, corporate guarantees, deposits and equity investments.

The Group also obtains guarantees from parent companies for Islamic financing and investing assets granted to their subsidiaries, but the benefits are not included in the above table.

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47 Financial risk management (continued)

47.2 Credit risk (continued)

47.2.4 Analysis of credit quality

Credit risk exposure of the Group's financial assets for each internal risk rating

	Moody's equivalent grades	**Total 2021 AED'000**	Total 2020 AED'000
Low risk			
Risk rating class 1a to 4c	*Aaa – A3*	**114,119,928**	142,538,119
Moderate risk			
Risk rating class 5a to 6c	*Baa1 – Ba3*	**144,000,580**	128,494,414
Fair risk			
Risk rating classes 7a to 7d	*B1 - Caa3*	**28,933,545**	43,413,692
Default			
Risk rating classes 8 to10	*Ca - C*	**16,543,774**	13,009,053
Total		**303,597,827**	327,455,278

It is the Group policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates focused management of the applicable risks and the comparison of financing exposures across all lines of business, geographic regions and products. All internal risk ratings are tailored to the various categories and are derived in accordance with the Group rating policy. The attributable risk ratings are assessed and updated regularly.

47.2.5 Analysis of financial instruments by stage

The stage wise analysis of the financial instruments is as follows:

2021	**Stage 1 AED'000**	**Stage 2 AED'000**	**Stage 3 AED'000**	**Total AED'000**
Balances with central banks	**26,012,493**	**-**	**-**	**26,012,493**
Due from banks and financial institutions	**3,306,330**	**-**	**-**	**3,306,330**
Islamic financing and investing assets	**162,027,726**	**19,805,042**	**13,783,812**	**195,616,580**
Investment in sukuk	**41,658,739**	**80,738**	**285,820**	**42,023,444**
Other investments measured at fair value	**1,229,469**	**-**	**-**	**1,229,469**
Receivables and other assets	**5,174,239**	**455,340**	**2,474,141**	**8,103,720**
	239,407,143	**20,341,120**	**16,543,773**	**276,292,036**
Contingent liabilities	**11,933,266**	**-**	**-**	**11,933,266**
Commitments	**15,372,525**	**-**	**-**	**15,372,525**
Total	**266,712,934**	**20,341,120**	**16,543,773**	**303,597,827**

2020	**Stage 1 AED'000**	**Stage 2 AED'000**	**Stage 3 AED'000**	**Total AED'000**
Balances with central banks	27,005,414	-	-	27,005,414
Due from banks and financial institutions	6,451,509	-	-	6,451,509
Islamic financing and investing assets	176,545,001	16,483,950	12,060,928	205,089,879
Investment in sukuk	35,417,673	44,218	-	35,461,891
Other investments measured at fair value	1,110,962	-	-	1,110,962
Receivables and other assets	7,533,482	632,519	2,231,636	10,397,637
	254,064,041	17,160,687	14,292,564	285,517,292
Contingent liabilities	14,842,674	-	-	14,842,674
Commitments	27,095,313	-	-	27,095,313
Total	296,002,028	17,160,687	14,292,564	327,455,279

Notes to the consolidated financial statements
for the year ended 31 December 2021

47 Financial risk management (continued)

47.3 Liquidity risk and funding management

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Group maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The Group also has committed lines of credit that it can access to meet liquidity needs. In addition, the Group maintains statutory deposits with the central banks. The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Group.

The high quality of the asset portfolio ensures its liquidity and coupled with the Group's own funds and stable customer deposits help form a stable funding source. Even under adverse conditions, the Group has access to the funds necessary to cover customer needs and meet its funding requirements.

The primary tool (in addition to other tools) for monitoring liquidity is the maturity mismatch analysis, which is monitored over successive time bands and across functional currencies. Guidelines are established for the cumulative negative cash flow over successive time bands.

47.3.1 Liquidity risk management process

The Group liquidity risk management process, as carried out within the Group and monitored by a separate team in Group Treasury department, includes:

- Monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are financed by customers;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring financial position liquidity ratios against internal and regulatory requirements;
- Managing the concentration and profile of Islamic financing and investing exposures maturities; and
- Monitoring liquidity ratios.

Liquidity management under COVID-19

COVID 19 crises has also affected liquidity in global and regional markets. CBUAE proactively addressed the concern considering its pervasive impact on the overall economy by providing Zero Cost Funding to all eligible banks and easing out regulatory cash reserve requirements for banks. In order to pass on benefits of liquidity support measures to customers, the CBUAE reduced the liquidity ratios (LCR and ELAR) minimum threshold by 30%.

The Bank's ALCO and Liquidity Management Committee has been meeting on a regular basis with particular focus on liquidity management. The Bank has proactively considered exploring new options for expanding its liabilities base (changed tenors and currency) and focused on its capital market funding plan. The Bank is strengthening its liquidity buffers by timing disbursements to customers along with strict focus on enhancing deposit relationships across all customer segments.

47.3.2 Funding approach

Sources of liquidity and funding are regularly reviewed by management to maintain a wide diversification by currency, geography, provider, product and term. The sources of funding are share capital, Tier 1 capital, Senior sukuk and customer deposits for retail and wholesale and financial liabilities.

Refer note 18 for customers' deposits, note 20 for sukuk issued and note 25 for Tier 1 issuance.

Notes to the consolidated financial statements
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47 Financial risk management (continued)

47.3 Liquidity risk and funding management (continued)

47.3.3 Maturity analysis of assets and liabilities

The table below summarises the maturity profile of the Group's assets and liabilities analysed according to when they are expected to be recovered or settled.

2021	Less than 3 months AED'000	3 months to 1 year AED'000	1 year to 5 years AED'000	Over 5 years AED'000	No maturity AED'000	Total AED'000
Assets:						
Cash and balances with central banks	28,079,740	-	-	-	-	28,079,740
Due from banks and financial institutions	3,156,512	146,900	-	-	-	3,303,412
Islamic financing and investing assets, net	17,801,664	23,713,848	91,065,527	54,109,512	-	186,690,551
Investments in Sukuk	827,313	1,694,127	19,526,338	19,746,579	-	41,794,357
Other investments measured at fair value	-	-	-	-	1,229,469	1,229,469
Investments in associates and joint ventures	-	-	-	-	1,944,838	1,944,838
Properties held for development and sale	-	-	-	-	1,571,508	1,571,508
Investment properties	-	-	-	-	5,499,123	5,499,123
Receivables and other assets	400,859	3,480,594	3,582,642	10,389	-	7,474,484
Property and equipment	-	-	-	-	1,494,088	1,494,088
Total assets	50,266,088	29,035,469	114,174,507	73,866,480	11,739,026	279,081,570
Liabilities and equity:						
Customers' deposits	73,729,919	105,725,449	26,223,506	166,216	-	205,845,090
Due to banks and financial institutions	1,849,631	500,771	233,341	-	-	2,583,743
Sukuk issued	3,699,138	-	16,780,596	83,000	-	20,562,734
Payables and other liabilities	3,646,806	2,646,526	1,944,180	13,250	-	8,250,762
Zakat payable	-	374,615	-	-	-	374,615
Equity	-	-	-	-	41,464,626	41,464,626
Total liabilities and equity	82,925,494	109,247,361	45,181,623	262,466	41,464,626	279,081,570

Notes to the consolidated financial statements
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47 Financial risk management (continued)

47.3 Liquidity risk and funding management (continued)

47.3.3 Maturity analysis of assets and liabilities (continued)

2020	Less than 3 months AED'000	3 months to 1 year AED'000	1 year to 5 years AED'000	Over 5 years AED'000	No maturity AED'000	Total AED'000
Assets:						
Cash and balances with central banks	29,205,588	-	-	-	-	29,205,588
Due from banks and financial institutions	6,448,591	-	-	-	-	6,448,591
Islamic financing and investing assets, net	17,775,733	29,101,252	96,894,576	52,917,470	-	196,689,031
Investments in Sukuk	448,946	3,104,059	16,200,351	15,601,559	-	35,354,915
Other investments measured at fair value	-	-	-	-	1,110,962	1,110,962
Investments in associates and joint ventures	-	-	-	-	1,939,043	1,939,043
Properties held for development and sale	-	-	-	-	1,391,038	1,391,038
Investment properties	-	-	-	-	5,947,023	5,947,023
Receivables and other assets	391,117	4,675,341	4,956,161	17,009	-	10,039,628
Property and equipment	-	-	-	-	1,430,634	1,430,634
Total assets	54,269,975	36,880,652	118,051,088	68,536,038	11,818,700	289,556,453
Liabilities and equity:						
Customers' deposits	74,715,329	96,336,147	34,859,114	14,628	-	205,925,218
Due to banks and financial institutions	1,736,934	10,633,499	1,125,645	-	-	13,496,078
Sukuk issued	1,888,473	-	11,988,599	4,867,059	-	18,744,131
Payables and other liabilities	3,708,867	2,830,346	1,364,888	10,532	-	7,914,633
Zakat payable	-	346,018	-	-	-	346,018
Equity	-	-	-	-	43,130,375	43,130,375
Total liabilities and equity	82,049,603	110,146,010	49,338,246	4,892,219	43,130,375	289,556,453

Notes to the consolidated financial statements
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47 Financial risk management (continued)

47.3 Liquidity risk and funding management (continued)

47.3.4 Non-derivative cash flows

The table below summarises the maturity profile of the gross cash flows of the Group financial assets and liabilities as at 31 December 2021 and 2020. The amounts disclosed in the table are the contractual gross cash flows, whereas the Group manages the inherent liquidity risk based on expected gross cash flows.

Repayments which are subject to notice are treated as if notice were to be given immediately. However, the management expects that many customers will not request repayment on the earliest date the Group could be required to pay and the table does not reflect the expected cash flows indicated by the Group's deposit retention history.

2021	**Less than 3 months AED'000**	**3 months to 1 year AED'000**	**1 to 5 years AED'000**	**Over 5 Years AED'000**	**Total AED'000**
Customers' deposits	**100,455,749**	**84,035,057**	**21,471,265**	**308,251**	**206,270,322**
Due to banks and other financial institutions	**668,550**	**981,083**	**943,152**	**-**	**2,592,785**
Sukuk issued	**3,715,759**	**-**	**18,192,002**	**141,626**	**22,049,387**
Payables and other liabilities	**3,646,805**	**2,646,526**	**1,944,180**	**13,251**	**8,250,762**
Zakat payable	**-**	**374,615**	**-**	**-**	**374,615**
Total liabilities	**108,486,863**	**88,037,281**	**42,550,599**	**463,128**	**239,537,871**
Contingent liabilities:					
Letters of guarantee	**8,802,032**	**1,126,133**	**385,360**	**228**	**10,313,753**
Letters of credit	**1,211,662**	**344,784**	**63,067**	**-**	**1,619,513**
	10,013,694	**1,470,917**	**448,427**	**228**	**11,933,266**
Capital expenditure commitments	**9,825**	**48,105**	**1,312,191**	**-**	**1,370,121**
Total contingent liabilities and commitments	**10,023,519**	**1,519,022**	**1,760,618**	**228**	**13,303,387**

2020	**Less than 3 months AED'000**	**3 months to 1 year AED'000**	**1 to 5 years AED'000**	**Over 5 Years AED'000**	**Total AED'000**
Customers' deposits	109,725,565	73,425,657	26,724,668	115,596	209,991,486
Due to banks and other financial institutions	1,017,044	10,948,900	1,565,181	-	13,531,125
Sukuk issued	-	1,906,739	12,785,307	5,697,372	20,389,418
Payables and other liabilities	3,708,867	2,830,346	1,364,888	10,531	7,914,632
Zakat payable	-	346,018	-	-	346,018
Total liabilities	114,451,476	89,457,660	42,440,044	5,823,499	252,172,679
Contingent liabilities:					
Letters of guarantee	11,783,304	1,225,210	353,084	544	13,362,142
Letters of credit	1,023,295	290,162	167,075	-	1,480,532
	12,806,599	1,515,372	520,159	544	14,842,674
Capital expenditure commitments	9,335	-	1,081,651	-	1,090,986
Total contingent liabilities and commitments	12,815,934	1,515,372	1,601,810	544	15,933,660

Assets available to meet all of the liabilities and to cover outstanding commitments include cash and balances with central banks, Islamic financing and investing assets, other investments at fair value and items in the course of collection.

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47 Financial risk management (continued)

47.4 Market risk

Market risk is the risk that the value of financial instruments in the Group's books could produce a loss because of changes in future market conditions. The Group takes on market risks in the pursuit of its strategic and business objectives. The Group predominantly pursues opportunities in the market that exposes itself to the following categories of market risk - which are actively managed and monitored:

- profit rate risk: losses in value due to changes in the level, slope and curvature of yield curves, the volatility of profit rates and changes in credit spreads; and
- foreign exchange risk: losses in value due to exposures to changes in spot prices, forward prices and volatilities of currency rates.

As part of the Group's risk management framework, an extensive governance processes is applied to the market risk taking activities. This governance framework includes, inter alia:

- approval by the Board Risk Compliance and Governance Committee of a set of risk limits with appropriate monitoring, reporting and limits excesses' escalation procedures;
- independent valuation of financial instruments in the Trading Book and measurement of market risk;
- a comprehensive set of policies, procedures and limits; and
- monitoring a wide range of risk metrics appropriate for the respective trading activities - such as risk sensitivities, gross and net open positions, Value-at-Risk (VaR) and stop-loss limits.

47.4.1 Profit margin risk

The Group is not significantly exposed to risk in terms of repricing of its customer deposits since, in accordance with Sharia'a, the Group does not provide pre-determined contractual rates of return to its depositors or investment account holders. The return payable to depositors and investment account holders is based on the principle of the Mudaraba and Wakala by which the depositors and investment account holders agree to share the profit or loss made by the Group's common mudaraba pool and the wakala asset pool over a given period.

47.4.2 Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect future profitability or the fair values of financial instruments. The Group is exposed to profit rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off-balance sheet instruments that mature or re-price in a given period. The Group manages this risk through risk management strategies.

The effective profit rate (effective yield) of a monetary financial instrument is the rate that, when used in a present value calculation, results in the carrying amount of the instrument. The rate is a historical rate for a fixed rate instrument carried at amortised cost and a current rate for a floating rate instrument or an instrument carried at fair value.

The following table demonstrates the sensitivity to a reasonable possible change in profit rates, with all other variables held constant, of the Group's consolidated statement of profit or loss.

The sensitivity of the consolidated statement of profit or loss is the effect of the assumed changes in profit rates on the net income for one year, based on the variable profit rate non-trading financial assets and financial liabilities held at 31 December 2021 and 2020.

Currency	**Increase in basis points**	**2021 AED'000**	2020 AED'000
Sensitivity of net profit income	**50**	**178,690**	202,212

Notes to the consolidated financial statements
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47 Financial risk management (continued)

47.4 Market risk (continued)

47.4.3 Foreign exchange risk

The table below summarises the Group exposure to foreign currency exchange rate risk at 31 December 2021 and 2020. Included in the table are the Group financial instruments at their carrying amounts, categorised by currency.

2021	AED AED'000	USD AED'000	Other G.C.C. AED'000	GBP AED'000	Euro AED'000	Other AED'000	Total AED'000
Financial Assets:							
Cash and balances with the central banks	27,528,908	350	-	-	105	550,377	28,079,740
Due from banks and financial institutions	1,236,509	1,628,185	122,827	2,793	5,619	307,479	3,303,412
Islamic financing and investing assets, net	136,689,973	43,334,037	1,585,398	32,635	19,492	5,029,016	186,690,551
Investment in sukuk	-	40,032,511	-	-	-	1,761,846	41,794,357
Other investments at fair value	332,672	756,960	123,693	-	-	16,144	1,229,469
Receivables and other assets	3,659,905	2,297,646	616,089	-	118,481	270,353	6,962,474
Total	169,447,967	88,049,689	2,448,007	35,428	143,697	7,935,215	268,060,003
Financial Liabilities:							
Customers' deposits	158,986,766	16,425,220	22,347,119	323,215	2,009,228	5,753,542	205,845,090
Due to banks and other financial institutions	498,291	1,363,417	-	4,158	11,611	706,266	2,583,743
Sukuk issued	-	20,411,317	-	-	-	151,417	20,562,734
Payables and other liabilities	4,434,705	3,170,870	283,121	12,637	114,692	436,259	8,452,284
Total	163,919,762	41,370,824	22,630,240	340,010	2,135,531	7,047,484	237,443,851
Net on balance sheet	5,528,205	46,678,865	(20,182,233)	(304,582)	(1,991,834)	887,731	30,616,152
Unilateral promise to buy/sell currencies	2,080,353	(22,310,802)	18,037,359	324,356	1,847,245	21,489	-
Currency position - long/(short)	7,608,558	24,368,063	(2,144,874)	19,774	(144,589)	909,220	30,616,152

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47 Financial risk management (continued)

47.4 Market risk (continued)

47.4.3 Foreign exchange risk (continued)

2020	AED AED'000	USD AED'000	Other G.C.C. AED'000	GBP AED'000	Euro AED'000	Other AED'000	Total AED'000
Financial Assets:							
Cash and balances with central banks	28,670,787	85,481	-	-	-	449,320	29,205,588
Due from banks and financial institutions	316,859	4,522,586	1,114,537	33,724	109,951	350,934	6,448,591
Islamic financing and investing assets, net	134,376,711	55,773,638	1,533,889	32,931	21,112	4,950,750	196,689,031
Investment in sukuk	-	33,831,655	-	-	-	1,523,260	35,354,915
Other investments at fair value	339,594	658,143	100,633	-	-	12,592	1,110,962
Receivables and other assets	5,335,170	3,387,295	298,100	-	175,321	217,265	9,413,151
Total	169,039,121	98,258,798	3,047,159	66,655	306,384	7,504,121	278,222,238
Financial Liabilities:							
Customers' deposits	152,029,526	27,338,582	17,955,049	434,457	2,271,260	5,896,344	205,925,218
Due to banks and other financial institutions	4,882,088	8,186,541	-	20,047	5,711	401,691	13,496,078
Sukuk issued	-	18,576,381	-	-	-	167,750	18,744,131
Payables and other liabilities	4,148,786	3,345,280	196,591	12,807	56,868	334,077	8,094,409
Total	161,060,400	57,446,784	18,151,640	467,311	2,333,839	6,799,862	246,259,836
Net on balance sheet	7,978,721	40,812,014	(15,104,481)	(400,656)	(2,027,455)	704,259	31,962,402
Unilateral promise to buy/sell currencies	334,359	(10,401,163)	7,762,289	397,233	1,988,035	21,530	102,283
Currency position – long / (short)	8,313,080	30,410,851	(7,342,192)	(3,423)	(39,420)	725,789	32,064,685

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47 Financial risk management (continued)

47.4 Market risk (continued)

47.4.3 Foreign exchange risk (continued)

Sensitivity analysis - impact of fluctuation of various currencies on net income and equity

The tables below indicate the extent to which the Group was exposed to currency risk at 31 December 2021 and 2020 on its non-trading monetary assets and liabilities, and forecast cash flows. The analysis is performed for a reasonable possible movement of the currency rate against the AED with all other variables held constant on the consolidated statement of profit or loss (due to the changes in the fair values of currency sensitive non-trading monetary assets and liabilities) and equity (due to the change in fair value of foreign currency denominated available-for-sale equity instruments). A negative amount in the table reflects a potential net reduction in consolidated statement of profit or loss and equity, while a positive amount reflects a net potential increase. The sensitivity analysis does not take account of actions by the Group that might be taken to mitigate the effect of such changes.

Currency	**Increase in currency rate in %**	**Effect on profit or loss 2021 AED'000**	Effect on profit or loss 2020 AED'000
US Dollar	+2	**487,361**	608,217
GBP	+2	**395**	(68)
EURO	+2	**(2,892)**	(788)

Currency	**Decrease in currency rate in %**	**Effect on profit or loss 2021 AED'000**	Effect on profit or loss 2020 AED '000
US Dollar	-2	**(487,361)**	(608,217)
GBP	-2	**(395)**	68
EURO	-2	**2,892**	788

47.4.4 Foreign investment

The Group has income recorded in its overseas subsidiaries and is therefore exposed to movements in the foreign currency rates used to convert income into the Group presentation currency, the U.A.E. Dirham.

The table below indicates the change in profit before tax and equity had the result for the year ended 31 December 2021 and 2020 been translated at exchange rates against the AED adjusted, with all other variables held constant, by the assumed changes below. The sensitivity analyses do not take account of actions by the Group that might be taken to mitigate the effect of such changes.

Currency	**Increase in currency rate in %**	**Effect on profit or loss 2021 AED'000**	**Effect on equity 2021 AED'000**	Effect on profit or loss 2020 AED'000	Effect on equity 2020 AED'000
Pak Rupees	+5	**3,455**	**30,371**	4,196	30,129
Egypt Sterling	+5	**482**	**6,363**	279	5,890

Notes to the consolidated financial statements
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47 Financial risk management (continued)

47.4 Market risk (continued)

47.4.4 Foreign investment (continued)

Currency	**Decrease in currency rate in %**	**Effect on profit or loss 2021 AED'000**	**Effect on equity 2021 AED'000**	Effect on profit or loss 2020 AED'000	Effect on equity 2020 AED'000
Pak Rupees	**-5**	**(3,126)**	**(26,435)**	(3,796)	(26,219)
Egypt Sterling	**-5**	**(436)**	**(5,757)**	(253)	(5,327)

47.4.5 Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the Group's investment portfolio.

The effect on equity (as a result of a change in the fair value of equity instruments held as fair value through other comprehensive income (FVTOCI) at 31 December 2021 and 2020) due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

Market indices	**Change in market Indices**	**Effect on other comprehensive income**	Effect on other comprehensive income
		2021	2020
	%	**AED'000**	AED'000
Dubai Financial Market	**± 5%**	**4,248**	2,883
Abu Dhabi Exchange	**± 5%**	**2,144**	1,808
Bahrain Stock Exchange	**± 5%**	**2,556**	1,475
Other	**± 5%**	**5,242**	3,549

An increase of 5% in fair value of Level 3 financial instruments due to change in unquoted market price / valuation of financial instruments as at the reporting date would have increased the net assets attributable to the Bank by AED 48.4 million (2020: AED 45.9 million)

47.5 Operational risk

Operational risk is the potential exposure to financial or other damage arising from inadequate or failed internal processes, people or systems.

The Group has developed a detailed operational risk framework. The framework clearly defines roles and responsibilities of individuals/units across different functions of the Group that are involved in performing various operational risk management tasks. Operational Risk Management Framework will ensure that operational risks within the Group are properly identified, monitored, managed and reported. Key elements of the framework include process mapping, setting up loss data base, setting up of KRIs, risk analysis and risk management reporting.

The Group is currently using operational risk tracking system, i.e. ORMS to track operational risk events across the Group. The system houses more than five years of operational loss data. The subject system is also capable to record KRI, RCSA and scenario based fraud risk self-assessment.

In addition to ORMS, the Bank is also implementing eGRC system (centralized governance framework) for all control activities.

Notes to the consolidated financial statements
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47 Financial risk management (continued)

47.5 Operational risk (continued)

Each new product introduced is subject to a risk review and signoff process where all relevant risks are identified and assessed by departments independent of the risk-taking unit proposing the product. Variations of existing products are also subject to a similar process. Business and support units are responsible for managing operations risk in their respective functional areas. They operate within the Group's operational risk management framework and ensure that risk is being managed within their respective business units. The day-to-day management of operations risk is through the maintenance of a comprehensive system of internal controls, supported by robust systems and procedure to monitor transaction positions and documentation, as well as maintenance of key backup procedures and business contingency planning.

47.6 Reputational risk

Reputational risk is the risk of potential loss of earnings and future revenue, loss in market value or lack of liquidity supply due to deterioration of reputation including the reputation with regard to the level of Shari'a compliance. It also includes the threat to the brand value of a financial institution. Reputational risk can arise as a consequence of failures with a strong negative perception amongst clients, shareholders, creditors or the public. The Group has measures to ensure a positive perception of the Group and that overall risk management ensures appropriate management of reputational risk.

47.7 Regulatory / compliance risk

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.

47.8 Shariah Non-Compliance Risk

In compliance with the Sharia Governance Standard for Islamic Financial Institutions issued by the Higher Sharia Authority of the Central Bank of UAE ("HSA") on 21 April 2020 (the "Standard"), the Bank's Board of Directors ("Board") is ultimately responsible for the Bank's compliance with Sharia principles. The ISSC is the highest authority in the Bank from a Sharia governance perspective.

The Board is expected to be aware of Sharia non-compliance risk and its potential impact on the Bank. The Board Risk, Compliance and Governance Committee ("BRCGC") supervises and monitors management of Sharia non-compliance risk, and set controls in relation to this type of risk, in consultation with ISSC and through the Internal Sharia control Department of the Bank. ("ISCD"). The BRCGC ensures the availability of an information system that enables the Bank to measure, assess and report Sharia non-compliance risk. Reports are provided in a timely manner to the Board and Senior Management, in formats suitable for their use and understanding.

The Bank implements effective internal Sharia controls adopting the three lines of defence approach where each line is independent, which includes:

- the first line of defence, represented by the business line, sets clear policies, procedures, and controls, approved by Internal Sharia Supervision Committee of the Bank ("ISSC"), and executes the business activities in a manner compliant with the principles of sharia at all times.
- the second line of defence, represented by the ISCD, undertakes amongst the others the sharia compliance and sharia risk functions.
- the third line of defence represented by Internal Sharia Audit Department ("ISAD"), undertakes the post execution risk based sharia audit of the Bank and reports the findings to the ISSC.

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48 Capital management

48.1 Capital management objective

The Group objectives with managing capital, which is a broader concept than the 'equity' on the face of consolidated financial position are:

- To comply with the capital requirements set by the Central Bank of U.A.E.;
- To safeguard the Group ability to continue as a going concern and increase the returns for the shareholders; and
- To maintain a strong capital base to support the development of its business.

48.2 Regulatory capital

The Group lead regulator, the Central Bank of U.A.E. (CBUAE), sets and monitors capital requirements for the Group as a whole. The Group and individual banking operations within the Bank are directly supervised by their respective local regulators.

The Group regulatory capital is analysed into following tiers:

- Common Equity Tier 1 (CET1), which includes fully paid up capital, statutory reserve, general reserve, retained earnings, exchange translation reserve and investment fair value reserve. Regulatory adjustments under Basel III, which includes deductions of deferred tax assets, investments in banking and financial entities and other threshold deductions;
- Tier 1 capital, includes CET1, with additional items that consist of Tier 1 capital instruments and certain non-controlling interests in subsidiaries; and
- Tier 2 capital, which includes collective impairment allowance and qualifying subordinated liabilities, if any.

The Bank was recognized as Domestic Systemically Important Bank (D-SIB) during the year ended 31 December 2018 and is accordingly required to keep a D-SIB buffer of 0.5% in addition to the CCB of 2.5%.

As per the Central Bank regulation for Basel III, the minimum capital requirement as at 31 December 2021 is 13.5% inclusive of capital conservation buffer of 2.5% and D-SIB buffer of 0.5%. However, effective from 15 March 2020 until 30 June 2022, banks are allowed to tap into the capital conservation buffer up to a maximum of 60% and to use 100% of their D-SIB buffer without supervisory consequences, as part of the measures adopted by the CBUAE to help banks deal with the COVID-19 crisis. Further, CBUAE has issued guidance on Accounting Provisions and Capital Requirements - Transitional Arrangement dated 22 April 2020. The Prudential Filter allows banks to add back increases in IFRS9 ECL provision, stage 1 and 2, from 31 December 2019 to the regulatory capital and transition over 5 years.

The Group assets are risk weighted as to their relative credit, market, and operational risk. Credit risk includes both on and off-balance sheet risks. Market risk is defined as the risk of losses in on and off-balance sheet positions arising from movements in market prices and includes profit rate risk, foreign exchange risk, equity exposure risk, and commodity risk. Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events.

The Group is following the standardised approach for credit, market and operational risk, as permitted by the U.A.E. Central Bank and as per Pillar 1 of Basel III.

Capital adequacy and the use of regulatory capital are monitored on a regular basis by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee and the Central Bank of United Arab Emirates.

The objectives, policies and processes are under constant review by management and are updated as and when required.

The Bank is computing and reporting Basel III ratios in accordance with guidelines of the Central Bank of U.A.E.

Notes to the consolidated financial statements
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48 Capital management (continued)

48.2 Regulatory capital (continued)

Capital Adequacy Ratio (CAR) under Basel III in accordance with regulations of the Central Bank of the U.A.E. is as follows:

	2021 AED'000	2020 AED'000
Common Equity Tier 1 (CET1)		
Share capital	**7,240,744**	7,240,744
Other reserves	**13,784,668**	13,784,668
Retained earnings	**9,756,512**	8,414,214
Cumulative deferred exchange losses	**(1,313,911)**	(1,176,707)
Investment fair value reserve	**(1,001,532)**	(1,102,451)
Prudential filters transitional adjustment	**-**	27,340
Intangible assets	**(151,409)**	(219,205)
Deferred tax assets	**(49,980)**	(40,442)
Total CET 1 Capital	**28,265,092**	26,928,161
Additional Tier 1 Capital		
Tier 1 Sukuk	**8,264,250**	11,937,250
Total Additional Tier 1 Capital	**8,264,250**	11,937,250
Total Tier 1 Capital	**36,529,342**	38,865,411
Tier 2 Capital		
Collective impairment allowance	**2,609,121**	2,561,671
Total Tier 2 Capital	**2,609,121**	2,561,671
Total capital base	**39,138,463**	41,427,082
Risk weighted assets		
Credit risk	**208,729,673**	204,933,644
Market risk	**3,099,642**	2,582,249
Operational risk	**16,990,931**	16,564,437
Total risk weighted assets	**228,820,246**	224,080,330
Capital Ratios		
Capital adequacy ratio	**17.1%**	18.5%
Tier 1 Capital ratio	**16.0%**	17.3%
Common Equity Tier 1 ratio	**12.4%**	12.0%

The capital adequacy ratio for the year 2021 has been calculated after considering the impact of the proposed dividend as required by Capital Supply Standard and the related guidance issued by Central Bank of the UAE.

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49 Targeted economic support scheme (TESS)

In order to effectively address economic repercussions and consequences of novel corona virus (COVID 19), the Central Bank of UAE announced a comprehensive TESS program. As part of the Program, the Central Bank provided all banks with Zero Cost Facility (ZCF). ZCF was collateralised liquidity facility to pass on the benefits to their clients. The program included provision of temporary relief to the customers from the payment of instalments on outstanding facilities for all affected private sector and retail banking customers.

In view of the strong economic recovery in the UAE, the Central Bank of the UAE adopted a gradual reduction approach for ZCF thereby reducing it to 50% by September 2021 and reduced it to full by 31 December 2021 for temporary deferrals, while continuing 50% of facility for fresh and new disbursement.

As at 31 December 2021, all payment deferrals have expired and the bank has no ZCF payable.

49.1 Approved deferral amounts and outstanding balances

The table below is an analysis of the composition of instalment deferred by corporate and consumer banking.

	Total instalments deferred AED'000	Exposure related to approved deferrals AED'000	Number of customers
31 December 2021			
Corporate banking	**9,122,976**	**27,797,779**	**248**
Consumer banking	**571,963**	**3,859,122**	**54,766**
Total	**9,694,939**	**31,656,901**	**55,014**

49.2 Analysis of TESS grouping under CBUAE Joint Guidance

In accordance with the requirements of the Joint Guidance issued by the Central Bank of the UAE dated 15 April 2020 (updated on 11 November 2020) the Bank has divided its customers who have benefitted from payment deferrals into two groups as follows:

Group 1: Customers that are not expected to face substantial changes in their creditworthiness, beyond liquidity issues and are temporarily and mildly impacted by the COVID-19 crisis. For these customers, the payment deferrals are believed to be effective and thus the economic value of the facilities is not expected to be materially affected. These customers will remain in their current IFRS 9 stage, at least for the duration of the crisis, or their distress, whichever is shorter.

Group 2: Customers that are expected to face substantial changes in their creditworthiness, in addition to liquidity issues that will be addressed by payment deferrals. For these customers, there is sufficient deterioration in credit risk to trigger IFRS 9 stage migration. The Bank continues to monitor the creditworthiness of these customers, particularly indications of potential inability to pay any of their obligations as and when they become due.

Notes to the consolidated financial statements
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49 Targeted economic support scheme (TESS) (continued)

49.2 Analysis of TESS grouping under CBUAE Joint Guidance (continued)

The table below is an analysis of outstanding balances and related ECL of customers who benefited from payment deferrals:

31 December 2021	Group 1 AED'000	Group 2 AED'000	Total AED'000
Corporate banking			
Exposure	**21,055,134**	**6,742,645**	**27,797,779**
Expected credit losses	**(325,117)**	**(478,647)**	**(803,764)**
Net outstanding exposure	**20,730,017**	**6,263,998**	**26,994,015**

31 December 2021	Group 1 AED'000	Group 2 AED'000	Total AED'000
Consumer banking			
Exposure	**3,023,951**	**835,171**	**3,859,122**
Expected credit losses	**(31,699)**	**(352,226)**	**(383,925)**
Net outstanding exposure	**2,992,252**	**482,945**	**3,475,197**
Total			
Exposure	**24,079,085**	**7,577,816**	**31,656,901**
Expected credit losses	**(356,816)**	**(830,873)**	**(1,187,689)**
Net outstanding exposure	**23,722,269**	**6,746,943**	**30,469,212**

49.3 Movement in Exposure at Default (EAD)

Below is an analysis of total changes in EAD since 31 December 2020 for customers who benefited from payment deferrals:

31 December 2021	Corporate banking AED'000	Consumer banking AED'000	Total AED'000
EAD as at 1 January 2021	**31,130,906**	**5,287,319**	**36,418,225**
Increase due to new financing	**-**	**167,007**	**167,007**
Other movements	**(3,333,127)**	**(1,595,204)**	**(4,928,331)**
Exposure at default as at 31 December 2021	**27,797,779**	**3,859,122**	**31,656,901**

Notes to the consolidated financial statements
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49 Targeted economic support scheme (TESS) (continued)

49.4 Stage Migration

Below is an analysis of stage migration since 31 December 2020 of the customers who benefited from payment deferrals:

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Corporate banking				
EAD as at 1 January 2021	24,144,401	6,943,498	43,007	31,130,906
Transferred from Stage 1 to others	(3,767,683)	3,620,114	147,569	-
Transferred from Stage 2 to others	-	(1,309,081)	1,309,081	-
Other movements	(1,952,778)	(808,815)	(571,534)	(3,333,127)
EAD as at 31 December 2021	18,423,940	8,445,716	928,123	27,797,779

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Consumer banking				
EAD as at 1 January 2021	4,036,478	1,152,314	98,527	5,287,319
Transferred from Stage 1 to others	(664,919)	577,261	87,658	-
Transferred from Stage 2 to others	-	(205,928)	205,928	-
Other movements	(1,081,971)	(346,226)	-	(1,428,197)
EAD as at 31 December 2021	2,289,588	1,177,421	392,113	3,859,122

49.5 Change in ECL allowance by industry sector for corporate banking customers

Below is an analysis of change in ECL allowance by industry sector since 31 December 2020 for Corporate banking customers who benefited from payment deferrals:

	AED'000
ECL Allowance as at 1 January 2021	411,030
Real Estate & contracting	162,765
Trade	41,651
Financial Institutions	38,110
Services & others	151,092
Manufacturing	(884)
ECL as at 31 December 2021	803,764

49.6 Change in ECL allowance by products for consumer banking customers

Below is an analysis of change in ECL allowance by product since 31 December 2020 for Consumer banking customers who benefited from payment deferrals:

	AED'000
ECL Allowance as at 1 January 2021	164,745
Personal finance	235,236
Home finance	(4,162)
Auto finance	(12,114)
Islamic credit cards	220
ECL as at 31 December 2021	383,925

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50 Business combination - Acquisition of Noor Bank

50.1 Acquisition of Noor Bank

During January 2020, the Bank acquired 99.999% shares of Noor Bank P.J.S.C. ("Noor Bank" or "the Entity"), an entity engaged in Islamic Sharia compliant banking services in the UAE. The Bank acquired shares of Noor Bank from its major shareholders thereby acquiring a controlling interest. The acquisition has been completed through a share swap transaction at an agreed swap ratio of 1 DIB share to 5.49 shares of Noor bank by issuing 651,159,198 new shares of the Bank.

During the period ended 31 December 2020, the Bank acquired the remaining shares of Noor Bank from the minority shareholders, thereby making it a fully owned subsidiary.

50.2 Purchase consideration and identifiable net assets acquired

The acquisition has been accounted for using the acquisition method of accounting and, accordingly, assets acquired, liabilities assumed, and consideration exchanged were recorded at estimated fair value on the acquisition date. The fair value of assets and liabilities have been determined by an external expert.

The purchase consideration (also referred to as "purchase price") of the acquisition have been allocated to the assets acquired assets and liabilities using their preliminary fair values at the acquisition date. The computation of the purchase consideration and its allocation to the net assets of the entity based on their respective fair values as of acquisition date and the resulting bargain purchase is presented below. Gain on bargain purchase based on provisional purchase price allocation, represents the difference between purchase consideration and fair value of identifiable net assets.

The allocation of the purchase price may be modified within a period of twelve months from the date of business combination, as more information is obtained about the fair value of assets acquired and liabilities assumed, including alignment in business model, if needed. The measurement period has been completed and no further adjustments have been identified.

The fair value of identifiable assets and liabilities of Noor Bank as at the acquisition date was as follows:

Assets acquired and liabilities assumed	
Assets	**AED' 000**
Cash and balances with central banks	**5,771,887**
Due from banks and financial institutions	**3,868,255**
Islamic financing and investing assets	**30,686,184**
Investments in Sukuk and equity instruments	**4,328,624**
Other investments	**390,074**
Investment properties	**979,168**
Receivables and other assets	**1,145,841**
Property and equipment	**188,329**
Intangible assets	**287,000**
Total assets (a)	**47,645,362**
Liabilities	
Customers' deposits	**35,287,630**
Due to banks and financial institutions	**529,555**
Sukuk issued	**3,760,150**
Payables and other liabilities	**1,641,963**
Tier 1 sukuk	**1,836,500**
Total liabilities (b)	**43,055,798**
Fair value of net identifiable assets acquired (c) = (a) – (b)	**4,589,564**
Share of net identifiable assets acquired (d)	**4,589,518**
Consideration for the acquisition (e)	**3,574,864**
Negative goodwill on acquisition (d) – (e)	**1,014,654**

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50 Business combination - Acquisition of Noor Bank (continued)

50.2 Purchase consideration and identifiable net assets acquired (continued)

Effective 01 November 2020, the Bank took over all assets and assumed all liabilities of Noor bank. Accordingly, Noor bank discontinued its operations effective 01 November 2020 ("the integration date"). No further banking operations are conducted since then. Any potential claims arising in future will be honored by the Parent company.

Subsequent to the integration, Noor bank has started the process of transferring the legal title of various assets to the Parent company. The transfer process has been completed for all assets and liabilities except for nostro accounts and investment in equity. The transfer process for the remaining assets is at different stages of approvals with the relevant authorities as at 31 December 2021 and is expected to be completed shortly. Whilst legal ownership of assets being transferred is with Noor bank, the beneficial ownership of these assets rests with the Parent company.

51 Profit rate benchmark reforms

A fundamental reform of major profit rate benchmarks is being undertaken globally, replacing some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group's significant exposure is to USD Libor based financial instruments that are being reformed as part of these market-wide initiatives.

The main risks to which the Group has been exposed as a result of IBOR reform are operational. For example, the renegotiation of financing contracts through bilateral negotiation with customers, updating of contractual terms, updating of systems that use IBOR curves and revision of operational controls related to the reform and regulatory risks. Financial risk is predominantly limited to profit rate risk.

The Group established a cross-functional IBOR Committee to manage its transition to alternative rates. The objectives of the IBOR Committee include evaluating the extent to which Islamic financing and related commitments, liabilities and derivatives reference IBOR cash flows, whether such contracts need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties. The IBOR Committee reports to the ALCO and collaborates with other business functions as needed.

For contracts indexed to an IBOR that mature after the expected cessation of the IBOR rate, the IBOR Committee has established policies to amend the contractual terms. These amendments include the addition of fallback clauses or replacement of the IBOR rate with an alternative benchmark rate. The Group has signed up to fallback mechanisms for centrally cleared derivatives and aimed to transfer exposures to the new benchmark rate ahead of the activation date of the fallback provisions.

The Group has been applying a policy to require that retail products, such as its home finance portfolio, are amended in a uniform way, and bespoke products, such as financing to corporates, are amended in bilateral negotiations with the counterparties.

The International Accounting Standards Board (IASB) has approached the impact of Profit Rate Benchmark Reform on financial reporting in two phases. Phase 1 addressed issues affecting financial reporting in the period before the replacement of an existing profit rate benchmark with an alternative risk free rate (RFR); and Phase 2 focused on issues that might affect financial reporting when an existing profit rate benchmark is replaced with an RFR. The IASB issued the Phase 1 and Phase 2 amendments in September 2019 and August 2020, respectively.

The change to contractual terms of financial assets and financial liabilities with rates that are subject to IBOR reform is not yet complete. The Bank continues to work towards meeting the regulatory and industry-wide recommended milestones on cessation of LIBOR and will be working with clients and counterparties to issue products based on alternative reference rates.

Management has commenced a project to ensure the Group's transition to new rate regimes after 2021 by considering changes in its products, services, systems and reporting. The project is significant in terms of scale and complexity and will impact all facets of its operations from customer contracts and dealings to banks risk management processes and earnings. The Group continues to engage with internal and external stakeholders to support an orderly transition and to mitigate the risks resulting from the transition.

Notes to the consolidated financial statements
for the year ended 31 December 2021

51 Profit rate benchmark reforms (continued)

The carrying amounts of non-derivative financial assets and the nominal amount of derivatives financial instruments that are yet to transition to the alternative profit rates is AED 49.7 billion and AED 50.0 billion respectively.

52 Comparative information

Certain comparative amounts in consolidated statement of profit or loss and notes to the consolidated financial statement have been adjusted to conform to the current presentation.

53 Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 25 January 2022.

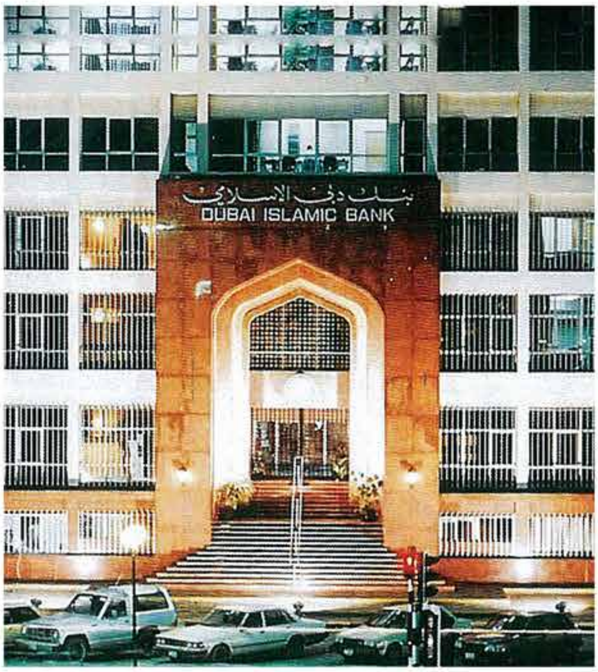
Corporate Governance Report 2021

PREAMBLE

Dubai Islamic Bank Public Joint Stock Company's ("DIB" or the "Bank") Board of Directors (the "Board") is pleased to present its inaugural Corporate Governance report in relation to the financial year ended on 31 December 2021.

DIB was inaugurated in 1975 by H.H. Sheikh Rashid bin Saeed Al Maktoum in Dubai in the United Arab Emirates ("UAE") and is the world's first full service Islamic bank.

Over the past 46 years DIB has established itself as the leading Islamic bank in the UAE and amongst the largest in the world. DIB is primarily engaged in corporate, retail, and investment banking activities. DIB is licensed and regulated by the Central Bank of the UAE ("CBUAE") and is listed on the Dubai Financial Market ("DFM").



ESTABLISHED OVER **46 YEARS AGO**

54 BRANCHES AND **600 SELF SERVICE BANKING CHANNELS**

SERVING OVER **5 MILLION** CUSTOMERS ACROSS THE GROUP

Vision, Purpose and Values

Vision

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

Purpose

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

Values: ICARE

1 Inclusive

Accessible to all, and most importantly, without bias.

2 Collaborative

Connected together as a team to deliver banking with ease.

3 Agile

Deliver faster solutions and provide happy experiences.

4 Responsible

Fair, transparent, and accountable in making responsible decisions.

5 Engaged

Passionate and committed to deliver fulfilling journeys.

1. Corporate Governance Framework Overview

As a pioneer in the industry DIB is committed to strengthening customer confidence and trust in itself and consequently, the financial services industry as a whole. DIB and its group of companies recognise the importance of a strong corporate governance culture and robust practices in driving sustainable long-term value and delivering on commitments to Stakeholders. DIB is committed to continuous improvement of its governance framework, taking into account the overall group, regulatory expectations, the size and complexity of operations, evolving practices, and DIB's strategy and risk appetite.

DIB operates in compliance with the governing laws and applicable regulations and directives issued by the CBUAE, the Securities and Commodities Authority of the UAE (the "SCA") and the DFM. The Bank's Code of Corporate Governance (the "Code") is aligned with the relevant regulatory requirements (in particular the CBUAE Corporate Governance Regulation for Banks and accompanying standards issued in 2019 ("CBUAE CG Regulations") and sets out an overview of the Bank's corporate governance system and its key corporate governance principles and practices. The revised Code was approved by the Board in 2021 and is publicly available on the Bank's website.

The Board, appointed by the Bank's shareholders, is ultimately accountable for the overall stewardship of DIB. The Board is responsible for setting the overall strategy and has oversight of senior management to ensure that the highest standards of corporate governance practices are followed. The Board is also ultimately responsible for DIB's compliance with the principles of Islamic Sharia and is supported by the Bank's Internal Sharia Supervision Committee (the "ISSC") in this regard. The ISSC is appointed by the Bank's shareholders and is the highest authority within DIB from a Sharia governance perspective.

Day-to-day operations are delegated to the senior management, led by the Group Chief Executive Officer. The senior management team is accountable for DIB's performance and is measured against a set of corporate objectives. The posts of the Chairman of the Board (the "Chairman") and Group Chief Executive Officer of the Bank are clearly distinguished between the Chairman's role to manage the Board, and the Group Chief Executive Officer's responsibility to manage senior management and supervise the Bank's operations.

To aid the Board in the prudent performance of its responsibilities, the Board has established four committees (the Board Audit Committee ("BAC"), the Board Nomination and Renumeration Committee ("BNRC"), the Board Credit and Investment Committee ("BCIC") and the Board Risk, Compliance and Governance Committee ("BRCGC"). The specific duties and authorities for each committee are defined within a dedicated terms of reference duly approved by the Board.

The Board conducts its activities in line with the Code and the Board's terms of reference which incorporate the relevant applicable regulations.

The Board has generally complied with the requirements of the Board's terms of reference with regard to various matters including, but not limited to, the size of the Board, the terms of membership and the responsibilities of the Chairman, the number of meetings to be held, the quorum required for meetings, the majority needed to make decisions and the conditions for decision-making, conflict of interest management and the self-assessment. During the year the Board completed a self-assessment facilitated by Hawkamah Corporate Governance Institute and attended dedicated training sessions related to anti-money laundering, combatting the financing of terrorism and ESG issues.

Board members are subject to the provisions of the Directors' Code of Conduct and special disclosure obligations, including, but not limited to, disclosure of positions they hold, any change to their independence status and any changes to the information they are required to submit annually as soon as such changes occur. Moreover, a Board member is required to provide full disclosure in respect of any matter being reviewed by the Board or any of its committees which may represent a conflict of interest. Where a conflict of interest arises the affected Board member is required to comply with the conflict of interest procedures set out in the terms of reference.

DIB's employees are subject to the provisions of the Board-approved Employee Code of Conduct which was updated in 2021 and outlines DIB's ethical standards, behavioral and conduct expectations and commitment towards compliance with all relevant laws and regulations. All employees submit an annual acknowledgement on the Employee Code of Conduct and are held accountable to abide by the rules set out therein in the performance of their duties. Furthermore, all employees have a responsibility to speak up and report suspected criminal or unethical behavior in accordance with the guidelines and through the channels identified in the Bank's whistleblowing policy.

Key governance focus areas in 2021 included the implementation of the Board-approved Subsidiary and Affiliates Corporate Governance Framework and Sharia Governance Framework. The Sharia Governance Framework is aligned with the Sharia Governance Standards for Islamic Financial Institutions issued by the CBUAE in 2020 (the "CBUAE Sharia CG Regulations"). As part of the implementation of the Sharia Governance Framework, dedicated Internal Sharia Control and Internal Sharia Audit functions were established and incorporated into the Bank's three lines of defense, supplementing the Bank's Compliance function and independent Risk Management and Internal Audit functions.

The Board introduced a number of new policies during the year to strengthen the governance framework, including but not limited to policies governing conflicts of interest and stakeholder engagement and disclosure.

The Board continues to monitor the efficiency of DIB's internal control and risk management systems to ensure that the processes in relation to control over financial affairs, operations and risk management are robust, that there is a sound application of corporate governance rules and other applicable laws and regulations and that internal procedures and policies that govern DIB's operations were being followed.

2. Board of Directors

2.1. Overview

The Board is responsible for the overall stewardship of DIB, fostering its long-term success, financial soundness and delivery of sustainable value to shareholders, while meeting legal and regulatory expectations and protecting the legitimate rights of stakeholders. It provides leadership, guidance and effective supervision within a framework of prudent and effective controls. The Board sets the tone from the top and is ultimately responsible for ensuring that DIB's business is conducted with due skill, care and diligence, integrity and in a fair, honest and professional manner. The Board operates in accordance with a terms of reference.

2.2. Board share ownership

The below table contains details of the shares held in DIB by the Board members as at the end of 2020 and 2021:

Name	31 December 2020	31 December 2021
H.E. Mohammad Al Shaibani	48,026,386	48,026,386
Mr. Abdulla Ali Obaid Al Hamli	18,335,000	23,111,449
Mr. Abdulla Hamad Rahma Al Shamsi	1,900,000	2,000,000
Mr. Abdulla Hamad Rahma Al Shamsi / Son	19,422	4,775
Mr. Hamad Abdulla Rashed Obaid Al Shamsi	500,000	500,000
Mr. Hamad Abdulla Rashed Obaid Al Shamsi / Son	18,000	18,000
Eng. Yahya Saeed Ahmad Nasser Lootah	58,868	58,868
Mr. Abdulaziz Ahmed Rahma Al Mheiri	-	-
Mr. Ahmad Mohammad Bin Humaidan	-	-
H.E. Hamad Mubarak Buamim	-	-
Mr. Javier Marin Romano	-	-

Other than the above the spouses and children of the Board members do not hold any shares in the Bank.

2.3. Board composition

Pursuant to DIB's Articles of Association the Board is comprised of nine (9) members elected by the shareholders at a general meeting for a term of three (3) years. Members may be re-elected upon the expiry of the term.

The current Board is comprised of eight (8) UAE nationals, five (5) independent directors and eight (8) non-executive directors ("NED"). The Board is sufficiently diverse in its outlook and collectively has the appropriate balance of skills, experience, independence and knowledge to enable it to discharge its responsibilities effectively, taking into consideration DIB's size, complexity and risk profile. The ultimate determination of independence of a Board member is made by the Board in accordance with DIB's Code which reflects the regulatory requirements stipulated by the CBUAE.

The details of the current Board members are set out below.

H.E. Mohammad Al Shaibani

Chairman, Non-Independent NED

Period since first election: **13 years**

H.E. Mohammed Al Shaibani serves as the Chairman of DIB's Board. He is the Director General of H.H. the Dubai Ruler's Court, a prime government body of the Emirate. He is also the CEO and Executive Director of the Investment Corporation of Dubai, the principal investment arm of the Government of Dubai.

H.E. Al Shaibani serves as Vice Chairman of the Supreme Fiscal Committee of Dubai, which oversees Dubai's fiscal policies. He is a member of Dubai's Executive Council, an entity charged with supervising and supporting Dubai's government bodies. H.E. Al Shaibani is also Deputy Chairman of the Higher Committee of World Expo 2020, and Chairman of the Supreme Committee for the Supervision of International Humanitarian City (IHC) founded in 2003 in Dubai by H.H. the Ruler of Dubai as a global centre for humanitarian emergency preparedness and response.

H.E. Al Shaibani serves as Chairman of the Board of Directors at Nakheel Properties, the world-leading property developer with innovative landmark projects in Dubai, including the award-winning iconic "Palm Jumeirah" and "The World Jumeirah Islands". He is also a member of the board at several government-related organisations including Dubai World and Dubai Aerospace Enterprise Limited.

Since 1998, H.E. Al Shaibani has held the position of President at the Dubai Office, a Private Management office for the Royal Family of Dubai. In this capacity he was based in London for eight years and he now oversees the functioning of this office from Dubai.

H.E. Al Shaibani started his professional career with the Dubai Ports Authority and Jebel Ali Free Zone where he worked for seven years. After this he moved to Singapore for four years, as Managing Director of Al Khaleej Investments. H.E. Al Shaibani graduated in 1988 from the United States and holds a Bachelor's Degree in Computer Science.

Eng. Yahya Saeed Ahmad Nasser Lootah

Vice Chairman, Independent NED

Period since first election: **10 years**

Eng. Yahya Lootah serves as a Vice-Chairman of DIB's Board. Eng. Lootah has over 20 years' experience with S.S. Lootah Group, a leading diversified business based in Dubai which is active across key business sectors ranging from construction, real estate, energy and financial services, applied research, ICT, education, hospitality, media and healthcare. He currently serves as the Vice Chairman of the S.S. Lootah Group. Under his leadership, S.S. Lootah Group has received, amongst others, the Mohammed Bin Rashid Business Award and the Dubai Award for Sustainable Transport. In addition, Eng. Lootah is a member of the Board of Directors of the Dubai Chamber of Commerce and Industry, as well as a member of the Board of Trustees of Dubai Medical College and the Advisory Board of the Faculty of Engineering at the American University in Dubai.

Eng. Lootah holds a degree in Civil Architectural Engineering as well as a Master's of Science degree in Engineering from the University of Bridgeport, Connecticut.

Mr. Abdulla Ali Obaid Al Hamli

Managing Director, Non-Independent Executive Director

Period since first election: **10 years**

Mr. Abdulla Ali Obaid Al Hamli served as CEO of DIB from 2008 till 2013, and has been the Managing Director of DIB since 2013. Mr. Al Hamli joined DIB in 1999. Before assuming the role of CEO, he served as DIB's Chief Information Officer where he directed the IT and Operations team and oversaw the upgrade of DIB's IT infrastructure.

Mr. Al Hamli is currently Chairman of Tamweel following his appointment to this position in November 2010. Mr. Al Hamli serves as Chairman of the property developer, Deyaar Development.

He also serves as Chairman Board of Directors of Emirates REIT the UAE largest listed Sharia compliant Real Estate Investment Trust, and the first DFSA licensed Real Estate Investment Trust which was listed on Nasdaq Dubai in DIFC in April 2014 and has successfully raised USD 400 million through Sukuk and has over USD 878 million of assets under management in its portfolio.

Mr. Al Hamli holds a degree in Economics and Mathematics from Al Ain University, UAE.

Mr. Hamad Abdulla Rashed Obaid Al Shamsi

Board Member, Independent NED

Period since first election: **10 years**

Mr. Hamad Abdulla Al Shamsi serves as the Chief Executive Officer of International Capital Trading LLC, an Abu Dhabi headquartered private investment company.

With a wealth of experience spanning several decades, he has run businesses across multiple disciplines, and has particular expertise in the area of financial services and investments. He served in the Abu Dhabi Investment Authority before moving to the Private Department of His Highness the late Sheikh Zayed Bin Sultan Al Nahyan.

Mr. Al Shamsi is currently serving on several leading private and government institutions engaged in commercial, financial, and service-based activities in the UAE. He currently serves as the Chairman of Amanat Holding PJSC. His former Board appointments include Etihad Airways, Abu Dhabi Securities Exchange, Media Zone Authority, Abu Dhabi Council for Economic Development, Al Qudra Holding, Finance House, Al Hilal Bank, Abu Dhabi Aviation and Abu Dhabi Airports Company.

Mr. Al Shamsi holds a Bachelor's degree in Business Administration from UAE University and an MBA majoring in Finance and Banking from USA.

Mr. Ahmad Mohammad Bin Humaidan

Board Member, Non-Independent NED

Period since first election: **13 years**

Mr. Ahmad Mohammad Bin Humaidan has over 28 years' experience in strategic thinking, strategic planning, projects management, leading improvements programmes and change management and also serves as Deputy Director General of H.H. The Ruler's Court, Government of Dubai. He has also previously served as Vice Chairman of the Board of Smart Dubai and as its Director General. He also served as the Director of Projects for The Executive Office of His Highness Sheikh Mohammad Bin Rashid Al Maktoum, Vice President and Prime Minister of UAE and Ruler of Dubai. Mr. Bin Humaidan started his career with Emirates/Dnata Group of companies where he worked for five years.

Mr. Bin Humaidan holds a degree in Electrical Engineering from UAE University as well as a Business Administration diploma from Sheffield Hallam University, United Kingdom.

Mr. Abdulaziz Ahmed Rahma Al Mheiri

Board Member, Independent NED

Period since first election: **10 years**

Mr. Abdulaziz Al Mheiri serves as a member of the Board of Directors of Bourse Dubai, Vice Chairman of the Support Fund and Chairman of the Supervisory Board of Bosna Bank International. He previously served as the Managing Director of the Investment Corporation of Dubai and as a member of the Board and Chief Executive Officer for Dubai Bank. Mr. Al Mheiri holds a Science degree, specialising in Accounting and Finance, from the American College of Switzerland.

H.E. Hamad Mubarak Buamim

Board Member, Independent NED

Period since first election: **7 years**

H.E. Hamad Buamim is the President and CEO of Dubai Chamber of Commerce and Industry. He is also the Chairman of the Paris-based World Chambers Federation – International Chamber of Commerce (ICC). In addition to his role on the DIB Board, H.E. Buamim also serves as the Chairman of the National General Insurance PJSC and Board Member of Amanat PJSC.

In previous roles, H.E. Buamim served as Chairman of Emirates Financial Services and Chairman of Emirates NBD Capital. H.E. Buamim served as a Board Member of a number of entities including CBUAE, Dubai International Financial Center (DIFC), Emirates NBD, Network International, Kerzner International Holding and Union Properties.

H.E. Buamim holds a Master of Business Administration (MBA) with honours in Finance from the University of Missouri, Kansas City, United States. He also holds a Bachelor of Science in Electrical Engineering from the University of Southern California, Los Angeles.

Mr. Abdulla Hamad Rahma Al Shamsi

Board Member - Non-Independent NED

Period since first election: **7 years**

Mr. Al Shamsi has previously served as the Chairman of Dubai Properties and has also served as a Board Member of Emirates Integrated Telecommunications Co. He was also previously the General Manager for United Arab Shipping Agencies Co. In addition, Mr. Al Shamsi has served as the Chairman for Middle East Container Repair and was a founding member and treasurer for the UAE Tennis Association.

Mr. Al Shamsi holds a Bachelor of Science degree, Business and Public Administration with a major in Finance and Economics from New York University.

Mr. Javier Marin Romano

Board Member - Independent NED

Period since first election: **5 years**

Mr. Javier Marin is the Chief Executive Officer of Singular Bank in Spain as well as being an entrepreneur and investor in technology companies linked to financial services. He also serves as a director in each of the UCV (Spanish University), Instituto per le Opere di Religione (IOR) and Frontier Economics. Prior to this Mr. Marin served as Chief Executive Officer of Banco Santander, senior executive vice-president of Banco Santander and head of private banking, asset management and insurance.

He has also been a member of the European Banking Association and the European Financial Services Association and of the board in different banks, insurance companies and asset managers in several countries in Europe (affiliates of Banco Santander).

Mr. Marin holds a degree in Law and a diploma in Business Administration from the Universidad Pontificia de Comillas in Madrid (Spain). He also obtained his masters in European law in Luxembourg, in banking administration from the Institute International d´Etudes Bancaires (La Joya, California), taxes from the Universidad Pontificia de Comillas (Madrid) and the advanced program of Singularity University (California).

Please refer to the appendix for information relating to other positions held by the board members.

2.4. Female representation on the Board

The shareholders appointed the current Board in the annual general meeting held on 16 March 2020 which did not include any female candidates.

DIB acknowledges the importance of diversity (in the widest sense) as a driver of Board effectiveness and is committed to supporting equal opportunities. To this end and to encourage gender diversity at the Board level, the Board shall ensure that at least 20% of candidates for consideration in future elections are female.

This commitment also reflects the expectations of the CBUAE as set out in the CBUAE CG Regulations. The BNRC will play a leading role in supporting the achievement of the Board's gender diversity aspirations through, amongst others, promoting a culture and environment of inclusivity and mutual respect and periodically assessing the Board's gender diversity aspirations and reporting recommendations to the Board.

2.5. Board Remuneration

Board remuneration is comprised of a fixed payment in relation to membership on the Board ("Board Retainer"), a fixed payment in relation to membership on committees and attendance fees in relation to committee meetings. The aggregate amount of these components for each fiscal year is tabled for shareholder approval at the annual general meeting in the following year.

The amounts set out in this section are excluding any value added taxes.

The Board Retainer for 2020 was AED 21 million and was approved by the shareholders in the annual general meeting held on 16 March 2021 (as part of the aggregate Board remuneration). The proposed Board Retainer for 2021 is AED 21 million and shall be tabled for shareholder approval at the 2022 annual general meeting as part of the aggregate Board remuneration.

The table below sets out the proposed remuneration in relation to service on the committees of the Board during 2021 which shall be tabled for shareholder approval at the next annual general meeting as part of the aggregate Board remuneration:

No.	Name	Committee	Role	Membership Fee	Attendance Fee	Meetings Attended
1	Eng. Yahya Saeed Ahmad Nasser Lootah	BNRC	Chair	150,000	50,000	5
		BCIC	Member	100,000	160,000	16
2	Mr. Abdulla Ali Obaid Al Hamli	BNRC	Member	100,000	50,000	5
3	Mr. Hamad Abdulla Rashed Obaid Al Shamsi	BCIC	Member	100,000	140,000	14
4	Mr. Ahmad Mohammad Bin Humaidan	BAC	Member	100,000	70,000	7
		BRCGC	Member	100,000	40,000	4
5	Mr. Abdulaziz Ahmed Rahma Al Mheiri	BCIC	Chair	150,000	130,000	13
		BNRC	Member	100,000	30,000	3
6	H.E. Hamad Mubarak Buamim	BNRC	Member	100,000	40,000	4
		BCIC	Member	100,000	160,000	16
7	Mr. Abdulla Hamad Rahma Al Shamsi	BRCGC	Chair	150,000	40,000	4
		BAC	Member	100,000	80,000	8
8	Mr. Javier Marin Romano	BAC	Chair	150,000	80,000	8
		BRCGC	Member	100,000	40,000	4
9	Mr. Saeed Mohamed Al Sharid (Specialist)	BAC	Member	100,000	80,000	8
		BRCGC	Member	100,000	30,000	3

In addition to the above, the Bank's Managing Director received an aggregate amount of AED 7,114,612 in relation to the additional executive role performed for the Bank.

2.6. Board meetings

A total of six (6) Board meetings were held during 2021 which were attended by all members. The invitation and the agenda for meetings are sent to the members in advance, and details of issues and decisions made during the meeting are recorded as minutes, taking into account any member's opinions or dissenting views that are expressed during the meeting.

A standing agenda item at the beginning of every meeting is the declaration of conflicts of interest, which are recorded in the minutes of the meeting and approved by the members present, ensuring appropriate safeguards are applied as relevant (including where the connected member abstains from discussions and voting).

The table below sets out the dates of the Board meetings and attendance details:

No.	Date of Meeting	Present	By Proxy	Absent
1	16 February 2021	9	None	None
2	27 April 2021	9	None	None
3	4 July 2021	9	None	None
4	27 July 2021	9	None	None
5	26 October 2021	9	None	None
6	14 December 2021	9	None	None

2.7. Resolutions by passing during 2021

In accordance with, and subject to, its terms of reference and the relevant provisions within the Chairman of SCA's Board of Directors' Decision No. (3/Chairman) of 2020 concerning approval of joint stock companies' governance guide, the Board may issue resolutions by passing. The Board issued a number of resolutions by passing during 2021 which concerned operational matters arising in the normal course of business that do not require disclosure as per the relevant disclosure and transparency regulation issued by the SCA. These resolutions were ratified in the minutes of the subsequent meeting of the Board.

2.8. Delegation of authority

The Board may, with the exception of matters reserved for the Board and its committees set out in the Board terms of reference ("Reserved Matters"), delegate some of its authority to one or more committees, or specific roles on a standing or ad-hoc basis. The Board did not delegate any of its Reserved Matters to the management during 2021. The Board has delegated to senior management powers relating to the implementation of the Board-approved strategy and operational matters within established limits. All delegations are set out in writing and reviewed periodically.

3. Board Committees

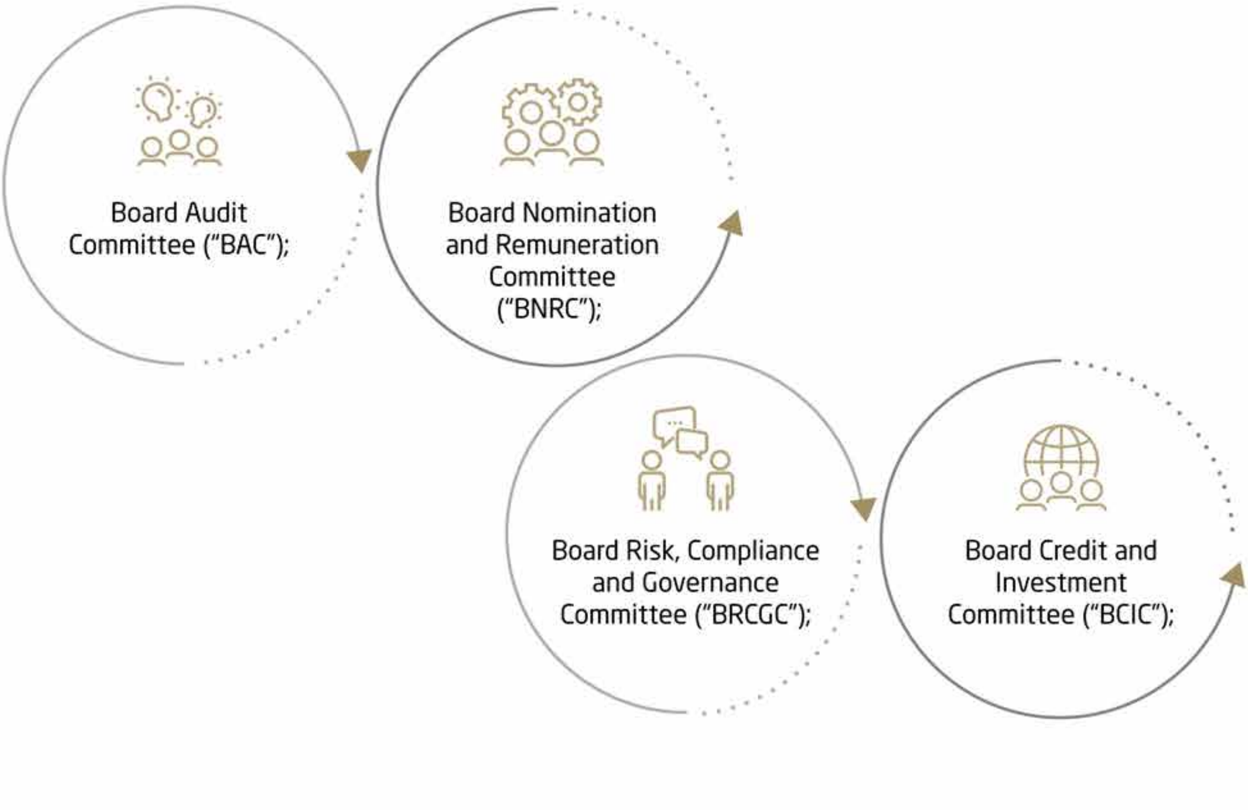
3.1. Overview

To aid the Board in the prudent and effective performance of its responsibilities, the Board may establish committees and assign such committees a mandate and authorities as set out in a terms of reference approved by the Board. Notwithstanding any delegation by the Board to a committee, the Board retains responsibility for the decisions and actions taken by such committee.

DIB's stand on accountability stems from the tone from the top, and in its implementation of such high accountability standard, the Chairman of each Board committee has individually acknowledged their responsibility for the committee's framework at DIB, review of its applied operations, and for ensuring its effectiveness for the year 2021.

3.2. Board Committees

The Board has established the following standing committees:



Each of these committees remain an integral part of the Board, where membership includes members of the Board and, in the case of the BAC and the BRCGC a specialist who contributes his expertise for the benefit of these committees (such specialist is subject to the same obligations as the Board members). The responsibility of these committees is to consider matters within their assigned mandate in greater detail, to provide recommendations to the Board, to manage conflicts of interest, satisfy regulatory requirements, and provide management oversight to ensure the proper governance of the Bank.

Each committee submits an annual report to the Board and periodically apprises the Board, through its respective chair, in respect of its activities and recommendations during the year. The terms of reference and work plan for each committee are reviewed on an annual basis.

3.2.1. The Board Audit Committee

The composition of the BAC and attendance of members at meetings during the year 2021 was as follows:

Member	Attendance
Mr. Javier Marin Romano (Chair)	8
Mr. Ahmad Mohammad Bin Humaidan	7
Mr. Abdulla Hamad Rahma Al Shamsi	8
Mr. Saeed Mohamed Al Sharid (Specialist)	8

The BAC's role is to assist the Board in the consideration of several matters, including but not limited to:

The integrity of DIB's financial statements and controls over financial reporting.

The effectiveness of the internal control, risk management and governance systems.

The relationship with the external auditor, recommendation regarding their selection, and oversight of their effectiveness and independence.

The performance, effectiveness and independence the Group Internal Audit function and Group Internal Sharia Audit function.

The BAC held its meetings during 2021 to discuss matters relating to financial statements and other matters within its remit as follows:

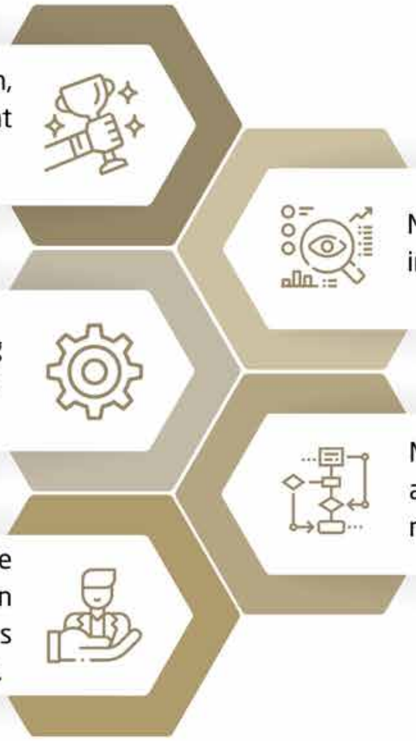
No.	Date of Meeting
1	5 January 2021
2	15 February 2021
3	23 February 2021
4	16 March 2021
5	25 April 2021
6	27 July 2021
7	26 October 2021
8	24 November 2021

3.2.2. Board Nomination and Remuneration Committee

The composition of the BNRC and attendance of members at meetings during the year 2021 was as follows:

Member	Attendance
Eng. Yahya Saeed Ahmad Nasser Lootah (Chair)	5
Mr. Abdulla Ali Obaid Al Hamli	5
Mr. Abdulaziz Ahmed Rahma Al Mheiri	3
H.E. Hamad Mubarak Buamim	4

The BNRC's role is to assist the Board in the consideration of several matters, including but not limited to:



Matters relating to the composition, succession, remuneration and assessment of the Board and its committees.

Monitoring the independent status of independent Board members.

The induction and the ongoing development program for Board members

Matters relating to the appointment, fit and proper process, succession and remuneration of senior management.

The review, approval and oversight of the implementation of DIB's compensation system, the strategic human resources policy and the Employee Code of Conduct.

The BNRC held its meetings during 2021 to discuss matters relating to its remit as follows:

No.	Date of Meeting
1	11 March 2021
2	10 June 2021
3	15 July 2021
4	14 October 2021
5	7 December 2021

3.2.3. Board Risk, Compliance and Governance Committee

The composition of the BRCGC and attendance of members at meetings during the year 2021 was as follows:

Date of Meeting	Attendance
Mr. Abdulla Hamad Rahma Al Shamsi (Chair)	4
Mr. Ahmad Mohammad Bin Humaidan	4
Mr. Javier Marin Romano	4
Mr. Saeed Al Sharid (Specialist)	3

The BRCGC's role is to assist the Board in the consideration of several matters, including but not limited to:

- Overseeing the Bank's governance, risk management, compliance and control frameworks and their related operation.
- Monitoring risk exposures and providing strategic direction to ensure risks remain at an acceptable level.
- Monitoring compliance with legal and regulatory obligations.
- Overseeing all risk models in use at the Bank.
- Enabling a group-wide view of the Bank's current and future risk position relative to its risk appetite and capital strength.
- Approval of the Bank's ICAAP report and regulatory mandated stress tests.
- Review of the Bank's material policies.
- Review whistleblowing reports, and the status of the subsequent investigation.

The BRCGC held its meetings during 2021 to discuss matters relating to its remit

No.	Date of Meeting
1	10 February 2021
2	10 May 2021
3	8 September 2021
4	22 November 2021

3.2.4. The Board Credit and Investment Committee

The composition of the BCIC and attendance of members at meetings during the year 2021 was as follows:

Date of Meeting	Attendance
Mr. Abdulaziz Ahmed Rahma Al Mheiri (Chair)	13
Mr. Hamad Bin Abdulla Al Shamsi	14
Eng. Yahya Saeed Ahmad Nasser Lootah	16
H.E. Hamad Mubarak Buamim	16

The BCIC's role is to assist the Board in the consideration of several matters, including but not limited to the approval of credit, investment and collection and remedial proposals within the discretionary authority delegated to the committee and providing guidance to the Board on the Bank's investment strategy.

The BCIC held its meetings during 2021 to discuss matters relating to its remit as follows:

No.	Date of Meeting
1	7 January 2021
2	21 January 2021
3	28 January 2021
4	11 February 2021
5	25 February 2021
6	18 March 2021
7	8 April 2021
8	3 May 2021
9	3 June 2021

No.	Date of Meeting
10	24 June 2021
11	15 July 2021
12	2 September 2021
13	20 September 2021
14	14 October 2021
15	4 November 2021
16	18 November 2021
17	7 December 2021

4. Internal Sharia Supervision Committee

The core responsibility of the ISSC is to undertake Sharia supervision of all DIB's businesses, activities, products, services, contracts, transactions, documents and code of conduct. The ISSC is comprised of five (5) experienced scholars who are appointed by the shareholders on the basis of the nominations put forth by the Board and approved by Higher Sharia Authority of the CBUAE. The term of the scholars is three (3) years, with their appointment reconfirmed by the shareholders on an annual basis. The members of the ISSC were appointed by the shareholders in the annual general meeting convened on 16 March 2021.

At the same meeting the ISSC presented its 2020 annual report (included as part of the Annual Report). The ISSC shall present its 2021 report to the shareholders in the next annual general meeting.

During 2021 the ISSC has generally complied with the main requirements of its terms of reference with regard to various matters including, but not limited to, its size and composition, the terms of membership, the number of meetings to be held, the quorum required for meetings, the majority needed to make decisions and the conditions for decision-making and conflict of interest management.

The ISSC met 11 times in 2021 with full attendance by the members, and more than 3,000 matters were considered for guidance by the ISSC, its Executive Member and the ISCD.

The Chairman of the ISSC met once with the Board during the year to discuss issues pertaining to Sharia compliance.

DIB's ISSC is comprised of the following five (5) Islamic jurists:

Professor Dr. Mohamed Ali Elgari
Chairman

Prof. Dr. Elgari is a Professor of Islamic Economics and the former Director of the Centre for Research in Islamic Economics at King Abdul Aziz University in the Kingdom of Saudi Arabia. Prof. Dr. Elgari is the recipient of the Islamic Development Bank Prize in Islamic Banking and Finance and holds the KLIFF Islamic Finance Award for Most Outstanding Contribution to Islamic Finance (Individual).

He is a member on the editorial board of several academic publications in the field of Islamic Finance and Jurisprudence, among them the Journal of the Jurisprudence Academy (of the IWL), Journal of Islamic Economic Studies (IDB), Journal of Islamic Economic (IAIE, London), and the advisory board of the Harvard Series in Islamic Law, Harvard Law School.

Prof. Dr. Elgari is also an advisor to numerous Islamic financial institutions throughout the world and is notably on the Shariah board of the Dow Jones Islamic index as well as a member of the Islamic Fiqh Academy and the Islamic Accounting & Auditing Organisation for Islamic Financial Institutions (AAOIFI).

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

Dr. Muhammad Qaseem
Executive Member

Dr. Muhammed Qaseem is a renowned Sharia scholar and Islamic finance expert. He is the Chairman Sharia Board of Silkbank Ltd Pakistan and Deutsche Bank Malaysia.

Dr. Qaseem holds a Ph.D in Tafseer and Qur'anic Sciences from the International Islamic University Islamabad, where he has taught in various graduate and post graduate programmes for more than 22 years. He is fully proficient in five (5) languages.

Dr. Qaseem has contributed immensely towards disseminating the message of Islamic banking and building its institutions and Sharia frameworks in different countries. He has been instrumental in developing innovative structures and products in some very challenging regulatory environments.

Sheikh Dr. Muhammad Abdulrahim Sultan Al Olama
Member

Sheikh Dr. Al Olama is a member of the Grand Islamic Scholars Commission in Dubai, an Associate Professor of the School of Shari'a at the United Arab Emirates University in Al Ain and an acknowledged expert in Islamic finance. Sheikh Dr. Al Olama is also the head of the Fatwa Committee of the Zakat Funds in the UAE. He currently serves on a number of Sharia boards representing Islamic financial institutions and Takaful companies.

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

Professor Dr. Mohamad Akram Laldin
Member

Prof. Dr. Laldin is the Executive Director of ISRA. He is also a member of Bank Negara Malaysia Sharia Advisory Council (SAC), member of Shariah Advisory Employees Provident Fund (EPF), member of HSBC Amanah Global Sharia Advisory Board, member of EAB (London) Sharia Advisory Board, Chairman of Islamic Advisory Board of HSBC Insurance Singapore, member of Sharia Advisory Council International Islamic Financial Market (IIFM), Bahrain, Committee member of AAOIFI Sharia Standards, Bahrain and other Boards across the globe. He is also a member of the Board of Studies of the Institute of Islamic Banking and Finance, IIUM.

Prof. Dr. Laldin holds a B.A. honours degree in Islamic Jurisprudence and Legislation from the University of Jordan, Amman, Jordan and a PhD in Principles of Islamic Jurisprudence (Usul al-Fiqh) from the University of Edinburgh, Scotland, United Kingdom. He is the recipient of Zaki Badawi Award 2010 for Excellence in Shariah Advisory and Research. He has participated and presented papers in numerous local and international conferences.

Dr. Ibrahim Ali Al Mansoori
Member

Dr. Al Mansoori is a prominent Sharia scholar from the UAE with an active focus on the Islamic banking and finance industry. He is currently serving as Director of Sharjah Islamic Center for Economy & Finance Studies and the Assistant Professor of Economy & Islamic Banks, University of Sharjah.

Dr. Al Mansoori is currently serving as the Chairman of ISSC of Al Hilal Bank and a member of various ISSCs of Islamic financial institutions. Dr. Al Mansoori holds a PhD in Economics & Islamic Banking, as well as two Master's Degrees in Economics & Islamic Banking and Pedagogical Psychology. He has authored various research papers on contemporary matters relating to Islamic Banking.

5. Management

5.1. Organization Structure

The structure above reflects the Group Chief Executive Officer and his direct reports for roles which have continued in 2022.

Notes:

1. The Group Chief Risk Officer functionally reports to the BRCGC.
2. The Group Chief of Internal Audit functionally reports to the BAC

The table below sets out the senior management positions as at 31 December 2021:

No.	Position	Name	Date of Joining
1	Group Chief Executive Officer	Dr. Adnan Chilwan	June 2008
2	Chief of Corporate Banking	Mr. Syed Naveed Ali	June 2003
3	Chief Consumer Banking Officer	Mr. Sanjay Malhotra	February 2015
4	Chief of Investment Banking	Mr. Hamid Iqbal Butt	March 2020
5	Chief of International Business & Real Estate Investments	Mr. Mohammed Saeed Al Sharif	September 1999
6	Chief of Treasury	Mr. Mohammed Saleem Qassim	July 2006
7	Chief Credit Officer	Mr. Nagaraj Ramakrishnan	April 2019
8	Chief Digital Officer	Mr. Musabbah Mohammad Ali AlQaizi	September 1999
9	Chief Transformation Officer	Mr. Varun Sood	June 2008
10	Chief Financial Officer	Mr. John Stephen Grota Macedo	January 2016
11	Chief Operating Officer	Mr. Obaid Khalifa Alshamsi	January 1998
12	Head of Strategic Relations	Mr. Ali Mohd Ahmed Alabedin	February 2005
13	Head of Organizational Effectiveness	Mrs. Alison Gail Blignault	March 2020
14	Group Chief Compliance Officer	Mr. Sami Ibrahim Alawadi	March 2020
15	Group Chief Risk Officer	Mr. Chandra Mohan Ganapathy	August 2020
16	Group Chief of Internal Audit	Mr. Volkan Pekince	November 2020
17	Board Secretary	Mr. Mohamed Alsayed Wahb	December 2011

5.2. Remuneration

DIB's approach to reward is guided by a commitment to motivate and reinforce a performance-oriented culture. The aim is to develop high performing, engaged employees who demonstrate the Banks's core values and deliver superior shareholder value. The Bank's reward programs are designed to attract, retain and motivate talent.

The Bank's reward policies are built on the "Pay for Performance" theme and is linked to a robust Performance Management System based on the Balance Scorecard focusing on four key areas i.e. Financials, Customers, Processes and Learning & Growth. This enables the Bank to achieve and sustain high standards of performance. The Bank's reward policies are prudently governed by the BNRC who ensure that DIB adopts market driven remunerations practices. The committee also plays a key role in safeguarding the Bank by ensuring adherence to the regulatory requirements and encouraging sound remuneration practices which promote effective risk management in line with the corporate governance guidelines.

The aggregate remuneration paid to the management roles set out in section 5.1 above in 2021 was AED 65,124,515.68 (AED 32,268,270.68 represents fixed remuneration and AED 32,856,245 represents variable remuneration). The variable component of this payment pertains to the year 2020 and was paid in the year 2021.

6. External Auditor

6.1. External auditors overview

DIB's Board has approved an external auditor's policy which governs DIB's relationship with its external auditor. The policy reflects the requirements set out in the CBUAE's regulation circular 162/2018 regarding financial reporting and external audit and applicable laws and regulations. It regulates matters including, but not limited to, appointment, reappointment, duration of service, and auditor independence. The BAC bears the responsibility for engaging with, and monitoring the effectiveness, independence and objectivity of the external auditor.

Deloitte and Touche (M.E.) was appointed as DIB's external auditor for 2021. Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Deloitte has served as trusted auditors for clients in the Middle East for the past 96 years. Within the UAE Deloitte has five practice offices with 51 Partners, Directors and Principals and over 600 audit professionals.

6.2. Statement of fees and costs for 2021

Name of external auditor and audit partner	Deloitte & Touche (M.E.)
Number of years served as external auditor	3 years
Name of external audit partner	Musa Ramahi
Number of years audit partner has served in this role	3 years
Total audit fees of DIB and UAE Subsidiaries (excluding Deyaar)	AED 1,860,000
Fees and costs of other services other than auditing the financial statements for 2021	AED 1,146,815
Details and nature of other services provided by the external auditor	Comfort letters for sukuk issuance, long-form audit report on overseas operations and clarification request to Federal Tax Authority

6.3. Auditor reservations

The auditor's report did not provide any qualified opinion regarding the interim or annual financial statements for the year 2021.

7. Internal Control System

7.1. Overview

The Board acknowledges its responsibility for the application, review and efficiency of the Bank's internal control system. The primary responsibility for reviewing risks, identifying and implementing adequate internal controls vests with the risk-taking functions and therefore, the respective business chiefs assume this accountability.

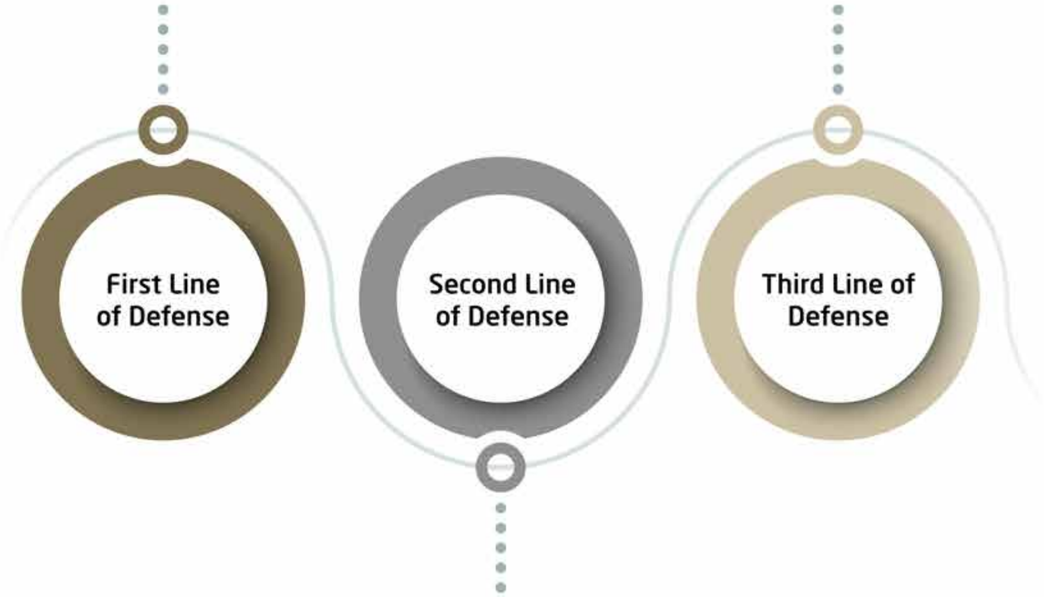
The BRCGC in conjunction with the BAC, Group Risk Management, Group Compliance, Internal Sharia Control, Group Internal Audit, and the Group Internal Sharia Audit provide the second and third level of assurance on the adequacy of the internal control system framework within the Bank.

The Board, being responsible for DIB's control environment and its effectiveness, recognises the importance of a robust internal control system to ensure the Bank is able to meet the expectations of its stakeholders and achieve its performance and compliance objectives. DIB is committed to continuous improvement in its control activities and to compliance with applicable statutory and regulatory requirements, which are embedded in DIB's internal control system.

The Bank's internal control system is designed to ensure integrity and compliance with due regard for the CBUAE regulations in respect of Risk Management, Internal Control, Compliance, Internal Audit issued in 2018 and the CBUAE CG Sharia Regulations issued in 2020. The system is based on the three lines of defense model as set out below:

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

The third line of defense is comprised of the Bank's independent assurance functions. DIB's Group Internal Audit function independently assess the effectiveness of the processes created in the first and second lines of defense in accordance with the Board approved Internal Audit Charter. DIB's Group Internal Sharia Audit independently conducts Sharia audits to ensure that DIB's activities and transactions are Sharia compliant.



The second line of defense includes support functions and independent control functions (primarily Group Risk Management, Group Compliance, Internal Sharia Control Department), which maintain a close relationship with the business units to ensure that risks have been appropriately identified and managed in line with DIB's approved risk appetite and risk limits. The second line of defense works closely with the first line of defense to create an enterprise-wide view of material risks and maintain a robust control environment, including ensuring robust risk management, compliance and the reliability of financial and non-financial information.

The Bank adopts a risk-based approach to its control and assurance activities, ensuring appropriate monitoring and, where relevant, mitigation measures are implemented in accordance with the level of risk to which the Bank is exposed. This enables control and assurance activities to be strategically and operationally aligned with the risks facing the Bank.

In order to ensure the effectiveness of the internal control system the Board has ensured that the functions tasked with responsibilities as part of the system have the required independence and appropriate access to information to effectively carry out their responsibilities. Internal control functions also coordinate with group entities, in accordance with the Subsidiaries and Affiliates Corporate Governance Framework, to ensure that material risks are effectively managed across the group.

The Bank's control environment is shaped by the "tone from the top" set by the Board and senior management which reflects the importance of integrity, ethical values, transparency, risk management and compliance. This is integrated in DIB's corporate values and implemented through several policies such as the enforcement of the Employee Code of Conduct, which every employee is expected to adhere to and is acknowledged on an annual basis.

There are also several strategic and operational policies implemented within the Bank to strengthen governance and controls, including the comprehensive Board-approved Risk Management Framework which governs: (i) DIB's risk appetite statement and tolerance limits; (ii) policies and procedures to identify, mitigate, and manage material risks; (iii) roles and responsibilities in relation to risk management within DIB; and (iv) contingency planning and stress testing.

There are a number of control activities the Bank performs such as: (i) appropriate checks and balances (including segregation of duties); (ii) safeguarding access to, and use of, records and the Bank's assets and investments; (iii) appropriate authorisation and approval structures; (iv) ensuring clear roles and responsibilities; and (v) reconciliation and review processes.

7.2. Risk management

The Board is ultimately responsible for ensuring that a comprehensive, appropriate and effective risk management framework is implemented within the Bank. The Board is supported by the BRCGC, the management's Risk Management Committee and Group Risk Management function in discharging its risk oversight duties. The Board approves the Bank's risk appetite statement (aligned with the Bank's strategy), the comprehensive risk management framework and material risk policies. Through the BRCGC, the Board actively monitors the Bank's risk management activities and risk profile ensuring appropriate actions are instituted where required.

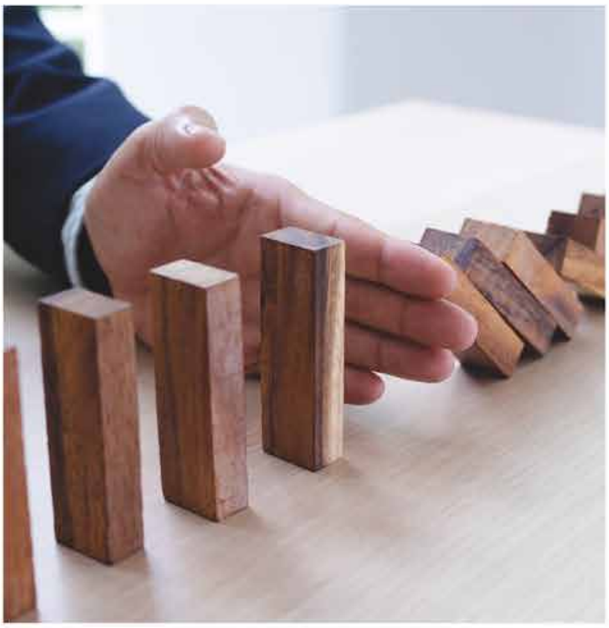
The responsibilities of the Group Risk Management function include but are not limited to:

- Implementing DIB's overall risk management approach, strategies, framework and policies approved by the Board
- promoting a culture of risk awareness, prevention and management across the Bank
- providing risk related guidance, training and awareness;
- operating an efficient reporting mechanism to the Board and senior management which gives a group-wide view of all material risks.

In 2021 DIB continued to enhance and strengthen its risk management through various initiatives including but not limited to:

- Enhancing policies and processes to keep risk posture in line with regulatory and Board expectations.
- Enhancing the risk reporting framework.
- Enhancing risk measurement models and methods.
- Enhancing risk oversight of subsidiaries and affiliates.

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



Mr. Chandra Mohan Ganapathy has been the GCRO of DIB since August 2020. He has over 29 years of experience in the establishment of enterprise risk management frameworks and infrastructures (including policies, models and processes) encompassing all risks, in particular, credit, market, liquidity, profit rate, operational, regulatory and, information security risks as well as all emerging risks and regulations. He is a CFA Charter holder, Chartered Accountant, a certified Financial Risk Manager, Professional Risk Manager, and holds a certificate in Quantitative Finance.

7.3. Compliance and Sharia control

DIB is regulated by the CBUAE and is therefore required to comply with CBUAE regulations, circulars and notices. In addition, DIB is required to comply with all applicable laws and regulations of the UAE, including, without limitation, the UAE Commercial Companies Law No. (2) of 2015 (as amended or replaced), the Federal UAE Banking Law No. (14) of 2018, applicable rules and standards established by the SCA and the Bank's Articles of Association. DIB also complies with all the principal international sanctions regimes. DIB is committed to developing a strong relationship with relevant regulators which includes providing responses to regulator consultations received through the UAE Banks Federation.

DIB has a dedicated compliance function that reviews new or revised laws endorsed by the CBUAE, regulations and sanctions and assesses their impact on the Bank, while ensuring that the information is presented to the Board promptly as applicable. Senior management has the responsibility to ensure compliance with applicable laws, regulations and compliance policies and report on such matters to the Board. The Bank's Legal Department is responsible for the internal dissemination of any laws or regulations which fall outside the scope of the CBUAE and supporting the relevant stakeholders to ensure these are complied with.

The Board has approved a comprehensive Compliance Policy, which aids in establishing the authority, responsibility and independence of the Bank's Group Compliance function. The functions responsibilities include, but are not limited to:

- monitoring and reporting on observance of all applicable laws, regulations, and standards;
- enforcing DIB's policies that pertain to, amongst others, customer due diligence, anti-money laundering, combating terrorist financing, sanctions and detection and reporting of any suspicious transactions; and
- implementing and maintaining mechanisms that sustain a culture of compliance throughout the Bank.

In 2021 DIB continued to enhance and strengthen its compliance management through various initiatives including but not limited to:

- Updating the Bank's compliance policy.
- Enhancing compliance processes and systems.
- Implementing a Bank-wide conflict of interest policy.
- Enhancing compliance oversight of subsidiaries and affiliates.

This Group Compliance function is led by the Group Chief Compliance Officer ("GCCO") who reports to the Group Chief Executive Officer and has direct access to the Board through the BRCGC.

Mr. Sami Al Awadi has been the GCCO Officer of DIB since March 2020. He has over 20 years of experience with primary focus on reviewing, designing, delivering and implementing compliance, fraud and regulatory frameworks. He holds a Licentiate Degree in Law from Dubai Police Academy, where he also served as the Head of Counter Terrorism in Dubai Criminal Investigation Department.

The Bank's Internal Sharia Control Department ("ISCD") represents an integral part of DIB's internal control system (as part of the second line of defense) and the Sharia Governance Framework. The role of the ISCD includes monitoring the Bank's compliance with Islamic Sharia. Information regarding Sharia compliance and related risks is embedded in the related reporting to the BRCGC. The BRCGC may invite the Head of the ISCD to present and discuss Sharia compliance related activities undertaken by the ISCD. The Head of ISCD works closely with, and under the guidance of, the ISSC in relation to all matters related to Sharia compliance or application of the principles of Sharia. The Sharia compliance unit within the ISCD reports matters concerning Sharia compliance to the GCCO and also submits its report to ISSC and the Group Chief Executive Officer on compliance with regulations, Sharia pronouncements, resolutions and standards issued by Higher Sharia Authority.

In 2021 DIB continued to enhance and strengthen its sharia compliance framework through various initiatives including but not limited to:

- The development and implementation of the Bank's Sharia Governance Framework which aligns with the requirements of the CBUAE.
- Enhancing Sharia control oversight of subsidiaries and affiliates from a Sharia control perspective.

The ISCD is led by the Head of the ISCD who reports to the Board.

Mr. Mian Muhammad Nazir has been the Head of the ISCD of DIB since March 2020. He has over 18 years of unique expertise in the fields of banking, corporate finance, legal and Sharia and has pioneered the Islamic banking and finance consulting and advisory sector in the UAE through landmark achievements in Islamic product development, structuring and Sharia advisory services across all facets of Islamic banking and Takaful industry. He holds a Masters of Laws from University of Cambridge, UK, B.A. and L.L.B (Hons), and Sharia & Law (Gold Medal and Distinction) from International Islamic University Pakistan and various other academic and professional qualification in the relevant field.

7.4. Internal Audit and Internal Sharia Audit

The Bank's Group Internal Audit function ("IAD") provides independent assurance that risks with a potential impact to the DIB's business are identified, quantified and reported to the senior management. Further, the IAD provides assurance as to the adequacy, efficiency and effectiveness of DIB's compliance, governance, risk management and internal control processes.

To ensure independence, employees within the IAD are organisationally independent of all other functions in DIB. To maintain this independence in the discharge of their responsibilities, these employees are not assigned, or expected to engage in, the day to day activities of DIB.

The IAD aims to continuously comply with the Institute of Internal Auditor's international standards for professional practice of internal audit (including the IIA's code of ethics).

The IAD executes its responsibilities in accordance with the Internal Audit Charter approved by the BAC (which is publicly available on the Bank's website). Internal audits are conducted throughout the year as per the Annual Audit Plan approved by the BAC. The IAD also performs ad-hoc assignments and investigations when deemed necessary. Identified audit observations highlighting control gaps and opportunities for process and control improvements, along with the management responses and actions plan are captured in the Internal Audit Reports, which are presented to the BAC. Open audit observations are actively monitored by senior the management and reported to the BAC regularly.

In 2021 DIB continued to enhance and strengthen internal audit through various initiatives including but not limited to:

- Updating the audit methodology in line with the global and regional standards and best practices.
- Providing internal / external professional development opportunities provided to the Internal Audit employees to continuously enhance their skill set.
- Establishing an internal quality assurance mechanism to further improve the practices being followed.
- Enhancing oversight of subsidiaries and affiliates from an Internal Audit perspective.

The IAD is led by the Group Chief of Internal Audit ("GCIA") who reports directly to the BAC, while maintaining close coordination with the Bank's senior management and business functions.

Mr. Volkan Pekince has been the GCIA of DIB since November 2020. He has over 22 years of experience in internal audit, risk and control management, compliance, operations, technology, internal control frameworks and regulations, supported with by a strong technical background covering all activities, processes and technologies, gained in financial institutions globally. He holds a BSc. degree in Electrical & Electronics Engineering and relevant professional certifications.

In addition to the Bank's IAD, its independent Group Internal Sharia Audit Department ("ISAD") forms an integral part of DIB's internal control system (as part of the third line of defense) and its Sharia Governance Framework. The role of the ISAD is to provide assurance in respect of DIB's compliance with Sharia carrying out its responsibilities in line with the Bank's Sharia Governance Framework. The ISAD closely coordinates with the IAD.

Internal Sharia audits are conducted throughout the year as per the approved Sharia Audit Plan. Material audit observations are captured in audit reports that are issued periodically to the ISSC for resolutions on Sharia matters and then to the BAC for follow-up and monitoring purposes. All audit observations are logged and tracked to completion by ISAD. Regular follow-up is done with management to ensure that remedial actions are completed and identified risks are adequately mitigated. Open Sharia audit observations and their aging are reported to the BAC and actively monitored by senior management. The Group Head of ISAD met with the BAC twice during 2021.

In 2021 DIB continued to enhance and strengthen internal sharia audit through various initiatives including but not limited to:

- Attainment of more staff Professional Certifications relating to Sharia Standards.
- Exposure of staff to Internal Audit best practices and IIA Standards / Guidelines.
- Working closely with Group Internal Audit to exchange knowledge, experience and best practices.
- Adoption of sophisticated templates for audit programs / reports / approaches.
- Enhancing oversight of subsidiaries and affiliates from an Internal Sharia Audit perspective.

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

Mr. Moosa Tariq Khoory has been the heading Internal Sharia Audit since May 2013. He has over 14 years of Sharia audit, Sharia compliance, and Sharia training experience. He is a founding member of the Sharia department forum which is a platform for Islamic Banks and Financial institutions. He holds a dual Masters in International Business Law (LLM) and Masters in Sharia and Islamic Studies (Islamic Jurisprudence and its Fundamentals). He is also currently pursuing a PhD in Islamic Finance.

7.5. How the internal control functions address material problems in the company or those disclosed in the annual reports and accounts

In the event of material issues or control gaps identified by the internal control functions that must be disclosed in the annual reports, a report is prepared regarding the matter and submitted to the BRCGC or BAC; the management takes the necessary measures to deal with each case, including providing the necessary clarifications, taking the required mitigating actions to deal with these cases. There were no material problems disclosed in the 2021 annual reports and accounts.

7.6. Number of reports issued by internal control functions

The internal control functions continue to report to the relevant Board committees at least on a quarterly basis, and whenever material information would require the attention of the Board.

8. General Information

8.1. Statement of contributions made during 2021 in the development of the community and preservation of the environment

DIB is world renowned for being a leading Islamic bank contributing to the development of the global Islamic banking sector and promoting ethical and social practices that align with the principles of Sharia. As a socially responsible bank, DIB not only believes in financially empowering its customers but also positively impacting the community. DIB periodically disburses funds from its charity and Zakat funds for the benefit of the needy to meet their financial commitments adopting a thorough review process under the aegis of DIB's ISSC in order to ensure Sharia compliance. DIB has also instituted an implementation committee to verify the authenticity of requests for financial assistance and to ensure adherence to the requirements set out by the ISSC in such regard. Please see DIB's 2021 Sustainability Report for more information.

8.2. Related party transactions

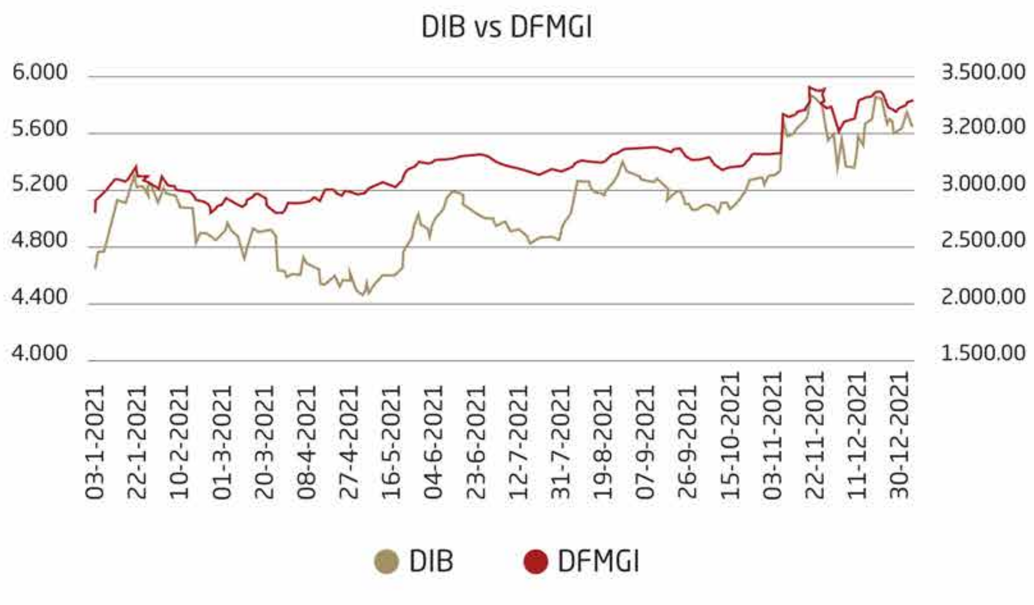
The Board has approved a Related Party Transactions policy which governs the Bank's transactions with related parties and aligns with the CBUAE's guidelines in this respect. All related party transactions are undertaken on an arms-length. The Board members submit an annual declaration including related party disclosures which are reconfirmed on a quarterly basis. Please refer to note 43 of the Bank's 2021 financial statements for more information.

8.3. Insider trading

The Board has approved a Personal Trading Policy which sets out the provisions relating to insiders, at both Board and employee levels, who engage in the trading of DIB's securities and the securities of DIB's listed Group entities in order to comply with relevant laws and regulations. Pursuant to DIB's Personal Trading Policy which is overseen by the Bank's Compliance function, an insiders list is maintained which includes Board members and employees and others who have access to inside information (material information) that is not available to the public and could reasonably affect the market price of DIB's securities. Insiders are subject to the market controls implemented to safeguard against inside trading.

8.4. Comparative performance

The graph below represents DIB's comparative performance with the general market index during 2021:



8.5. Share price

The table below sets out DIB's share price in the market (closing price, highest price, and lowest price) at the end of each month during 2021:

Month	Close	Lowest Price in the Month	Highest Price in the month
30-Dec-2021	5.380	5.150	5.210
30-Nov-2021	5.160	5.020	5.130
31-Oct-2021	5.110	4.900	4.950
30-Sep-2021	4.950	4.910	4.940
31-Aug-2021	5.100	4.800	4.900
29-Jul-2021	4.830	4.720	4.760
30-Jun-2021	4.820	4.770	4.830
31-May-2021	4.770	4.440	4.480
29-Apr-2021	4.450	4.450	4.500
31-Mar-2021	4.550	4.480	4.570
28-Feb-2021	4.790	4.710	4.790
31-Jan-2021	4.950	4.580	4.630

8.6. Share ownership distribution

The table below sets out the distribution of shareholder ownership as on 31 December 2021:

Shareholder Category	Percentage of shares held			
	Individuals	Companies	Governments	Total
Local	43%	14%	28%	85%
Arab	3%	2%	0%	5%
Foreign	1%	9%	0%	10%
Total	46%	25%	29%	100%

8.7. Statement of shareholders owning 5% or more of DIB's capital

The table below sets out the details of shareholders who own more than 5% of DIB's capital as at 31 December 2021:

Major Shareholder	No. Shares Held	% Ownership
Investment Corporation of Dubai	2,024,955,636	27.97%
Saeed Ahmed Lootah	473,229,612	6.54%

8.8. Shareholder distribution

The table below sets out how DIB's shareholders are distributed according to the size of the ownership as on 31 December 2021:

No.	Share ownership	Number of shareholders	Number of owned shares	% Ownership
1	Less than 50,000	16,044	167,045,261	2%
2	From 50,000 to less than 500,000	3,404	529,945,279	7%
3	From 500,000 to less than 5,000,000	864	1,302,377,975	18%
4	More than 5,000,000	144	5,241,375,862	72%

8.9. Investor Relations

DIB has a dedicated Investor Relations ("IR") function headed by the Head of IR and Strategic Communications to cater to the Bank's growing shareholder and investor base and ensure compliance with relevant regulations. DIB's IR function provides support to current and potential shareholders and investors in terms of servicing their investment needs as well as communicating DIB's investment story and performance in a transparent, accurate and timely manner.

Throughout 2021, DIB organised webcasts, published presentations, and press releases to investors, analysts, and the media. This information is uploaded on the IR section of DIB's website to allow for accessibility on a user-friendly platform. In addition, DIB participates in various local and international investor roadshows to meet with existing and potential investors and provide an update on the Bank's current business position as well as on the general macro-economic environment.

The IR section of DIB's website https://www.dib.ae/about-us/investor-relations provides useful information including the following:

- Company information;
- Investor news and events;
- Financial information;
- Major financial events;
- Share information;
- Disclosures and publications; and
- Contact information, which includes the names of the IR team (including the Head of IR and Strategic Communications, Mr. Kashif Moosa) and the department's email for inquiries: investorrelations@dib.ae

DIB has a devoted mobile application (DIB Investor Relations) that enables shareholders and interested stakeholders to track the performance of DIB's shares, distribution of dividends and other relevant disclosures.

8.10. Statement relating to special resolutions presented in the 2021 AGM

The table below sets out the special resolutions passed at the DIB annual general meeting held on 16 March 2021:

Resolution	Status
To authorise the Board to issue any senior Sukuk and/or other similar instruments which are not convertible into shares, whether under a programme or otherwise, in an aggregate outstanding face amount not exceeding USD 7.5 billion (or the equivalent thereof in other currencies) at any time and to authorise the Board to determine and agree on the date of issuance provided that such date does not exceed one year from the date of the General Assembly meeting, the amount, offering mechanism, transaction structure and other terms and conditions of any such issuance(s), provided that this is undertaken in compliance with the provisions of the commercial companies law and any regulations or guidelines issued by any governmental or regulatory authority pursuant to such law and after obtaining approvals which may be required from the relevant competent regulatory authorities.	In June 2021 DIB successfully priced a landmark USD 1 billion 5 year Sukuk issue with a profit rate of 1.9590% per annum. The Sukuk was 3x oversubscribed. The Sukuk was issued under DIB Sukuk Ltd. and is listed on Euronext Dublin and NASDAQ Dubai.
To authorise the Board to issue additional Tier 1 sukuk which are not convertible into shares in an aggregate face amount not exceeding USD 1.5 billion (or equivalent thereof in any other currency) and to authorise the Board to determine and agree on the date of issuance provided that such date does not exceed one year from the date of the General Assembly meeting, the amount, offering mechanism, transaction structure and other terms and conditions of such issuance (provided that such issuance is subordinated, profit payments under the terms and conditions of such issuance are capable of being cancelled under certain circumstances and the terms and conditions also contain a point of non-viability provision), and subject in all cases to obtaining necessary approvals which may be required from the relevant competent regulatory authorities.	In April 2021 the Bank successfully priced a landmark USD 500 million Perpetual Non-Call 5.5 years Additional Tier 1 Sukuk with a profit rate of 3.375% per annum. The Sukuk was 5.6x oversubscribed. The Sukuk was issued under DIB Tier 1 Sukuk (5) Ltd. and is listed on Euronext Dublin and NASDAQ Dubai.
A) To approve the Board's recommendation to amend and restate the Articles of Association of the Bank. B) Subject to approving (a) above and obtaining the approvals from the relevant regulatory authorities, to authorize the Board or any person so authorized by the Board, to take all the necessary measures to issue the amendment and restatement of the Bank's Articles of Association.	Accordingly, the Bank took the approvals of the competent authorities and published the Amended and Restated Articles of Association in the Official Gazette issue No. 712 dated 26 September 2021.

8.11. Board Secretary

Mr. Mohamed Alsayed Wahb was appointed as the Board Secretary in June 2020 with the responsibilities of ensuring the efficient administration of Board affairs, with particular regard to acting as the focal supporting point for the Board to discharge its duties and ensure that decisions of the Board are implemented in compliance with statutory and regulatory requirements.

Mr. Wahb is an experienced banker and corporate secretary with over 20 years of international banking experience mainly in corporate finance, credit approval and board affairs. He served in several capacities in various international banks. He completed the Board Secretary certification from Hawkamah in 2020. Mr. Wahb holds a Master Degree in Applied Finance and Banking (MAFB) from the University of Wollongong, Australia and a Masters degree of Business Administration (MBA) in Investment & Finance from Arab Academy for Science Technology and Maritime Transport, Egypt. He also holds a Bachelor's degree in Accounting from Ain Shams University, Egypt.

8.12. Statement of major events and important disclosures in 2021

January

- DIB launched its new positioning (#Ready for the New), purpose and values.
- DIB awarded the following awards at the Islamic Finance News Awards:

February

- DIB announced its financial results for the year ended on 31 December 2020.

March

- DIB annual general meeting held virtually/ remotely at which shareholders approved a dividend distribution of 20% of the paid-up capital for 2020, appointed the members of the ISSC and also amended DIB's Articles of Association.

April

- DIB announced its financial results for the 3-month period ended 31 March 2021, where a total income of AED 2.8 billion and net profit of AED 853 million were recorded.
- DIB successfully closes lowest-ever pricing on USD 500 million AT1 Sukuk issuance from the GCC.

June

- DIB ranked 15th amongst Top 100 companies in the Middle East 2021 by Forbes ME
- DIB recognised for its efforts in the Emiratisation domain by the Emirates Institute for Banking and Financial Studies
- DIB successfully closes lowest priced USD 1 billion 5 year Senior Sukuk issue.

July

• DIB announced its financial results for the 6-month period ended 31 July 2021, where total income of AED 5.8 billion and net profit of AED 1.9 billion was recorded.

August

• DIB's foreign ownership limit increased to 40%.
• DIB awarded the following awards by The Asset Triple A Islamic Finance Awards ME:

September

• DIB awarded the Women Empowerment Excellence Award by MEBIS+ Bank Awards 2021.
• DIB awarded the Excellence in Innovation Award - Islamic Banking by Finnovex Middle East Awards 2021.

October

• DIB announced the financial results for the 9-month period ended 30 September 2021, where total income of AED 8.9 billion and net profit of AED 3.1 billion were recorded.

November

• Fitch Ratings affirmed DIB's Long-Term Issuer Default Rating (IDR) at 'A' with a Stable Outlook and Viability Rating (VR) at 'bb+'. Fitch Ratings assigned a Government Support Rating (GSR) of 'a'.
• DIB awarded the following awards at the MEA Finance Awards:

• DIB participated in Careers UAE in Dubai as an employer of choice with an unwavering commitment to advancing the careers of UAE Nationals.

December

• DIB launched rabbit, an exciting and unique digital banking experience aimed at the connected generation.
• DIB opened the Madinat Badr Masjid in Muhaisnah.
• DIB selected 50 UAE nationals for career progression in celebration of the 50th anniversary of the UAE.

8.13. Emiratisation

The emiratisation percentage in DIB at the end of 2019, 2020 and 2021 is as follows

Year	Total Number of employees	Total Number of UAE Nationals	Percentage
2019	1,734	685	39.5 %
2020	1,942	890	45.8 %
2021	1,831	819	44.7 %

8.14. Statement of innovative projects and initiatives carried out or being developed in 2021

rabbit "funtech" Mobile App

DIB launched rabbit, its digital banking proposition targeted at digital natives seeking simplicity, ease and fun in their day to day interactions with the bank. Its distinctive value proposition is focused on lifestyle banking that is aimed at making banking simple, effortless, and fun.

Trade Club Alliance

DIB joined as an exclusive partner in the United Arab Emirates of Trade Club Alliance (TCA) - an innovative international digital business networking platform across 15 banks globally, offering Corporate and SME clients involved in international trade a wealth of relevant trade expertise and the opportunity to connect with trusted partners across the globe. Membership of the DIB Trade Club (online portal and marketplace access) provides access to a one-stop shop for trade resources that enables customers to discover global opportunities, receive tailored matches for their products or services and exchange insights about international trade with over 21,000+ fellow members.

Trade Club Alliance

Creating a Rewards Ecosystem for Business Banking

DIB consolidated and revamped its the Business Banking proposition and introduced a rewards ecosystem whereby B2B customers get the opportunity to earn rewards and use these rewards to support their businesses via services like Legal Advisory, Auditor & Recruitment Services, PRO Services and many more.

Digitisation of Home Finance Contracts

As part of DIB's paperless strategy, it introduced a digital solution for the completion of contractual formalities across its for-Home Finance proposition. This has eliminated the need for printing finance contracts and provides convenience, simplicity and security for customers. Customers have the option of reviewing the contracts on their devices or even print if required while concluding the sign off in seconds.

Home Finance Digital Payment Solution

DIB enhanced the experience of its home finance customers through introducing a digital payment solution that has delivered convenience for customers in respect of settling fees due to DIB. This has created a seamless journey for customers with real time access to payments which are realised instantly.

Personal Finance Proposition

DIB consolidated and revamped its the Business Banking proposition and introduced a rewards ecosystem whereby B2B customers get the opportunity to earn rewards and use these rewards to support their businesses via services like Legal Advisory, Auditor & Recruitment Services, PRO Services and many more.

Salary in Advance Facility

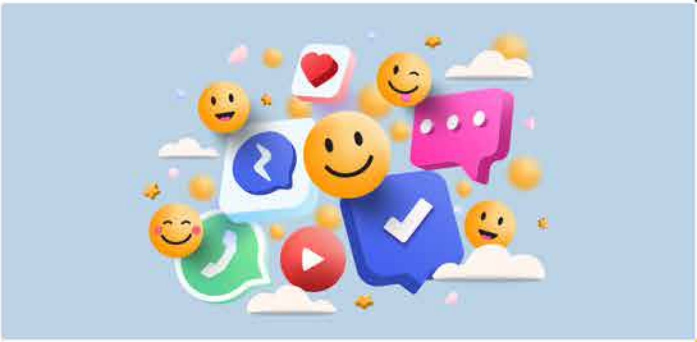
DIB enhanced its flagship salary in advance proposition with instant straight through application processing to a wider customer base. The use of AI enabled identifying the behavioral patterns of customer requirements to make this financial solution available to customers as and when they needed it. Relevance is what we were able to achieve in terms of serving our customers who were looking for this product. The solution was made available on our digital platforms and accessible to customers anytime, anywhere.

Alternate Lead Generation Channel

DIB implemented an initiative transforming online advertising into lead generation opportunities for Consumer Banking. Effectively, this initiative entails conversion of a cost centre into a revenue stream, which will be further leveraged in 2022.

Advanced Work from Home (WFH):

DIB enhanced its Work from Home capabilities to support business continuity and employees This included creation of online and mobile-based self-learning platforms and access to tools to facilitate attending virtual classrooms anywhere in the world.



Adoption of AI in Social Media

DIB implemented advanced Artificial Intelligence in its multi-variant Social Media customer acquisition strategy which resulted in a 100% increase in both social media engagement and customer acquisition for Consumer Banking in 2021.

Supporting Financial Literacy Amongst Youth

DIB initiated a partnership discussion with KFI GLOBAL in relation to improving the financial literacy of the youth of the UAE.

KFI GLOBAL

GENERATION WEALTH:
SMARTER RICHER BRAVER

Inspiring Emirati Employees

DIB launched "Get Inspired" motivational talks dedicated to Emiratis employees.

Enhancing Employee Learning Opportunities

During 2021 DIB tied-up with the University of Wollongong, Middlesex University, the Canadian University & Hult University to enrich employees' learning opportunities.

Appendix: Board Member External Positions

Name	Membership/positions in UAE joint stock companies	Other material regulatory, government or commercial positions
H.E. Mohammad Al Shaibani	• Chairman, Nakheel Pvt. JSC	• Director General, H. H. Dubai Ruler's Court • Managing Director, Investment Corporation of Dubai • Vice Chairman, Supreme Fiscal Committee of Dubai • Member, Executive Council of Dubai • Director, Dubai World • Director, Dubai Aerospace Enterprise Ltd • Chairman, Kerzner International Holdings • Chairman, Inchcape Shipping Services
Eng. Yahya Saeed Ahmad Nasser Lootah	• Chairman, Noor Bank PJSC[1]	• Vice Chairman, S.S. Lootah Group • Vice Chairman & CEO, SS Lootah International Investment Group • Chairman, BC Lootah Gas LLC • Managing Director, Material Lab Testing Services LLC • Managing Director, Lootah Gas Consultancy Services • Managing Director, BC Gas Utility L.L.C • Managing Director, SS Lootah Real Estate L.L.C • Managing Director, Lootah Gas P J (L.L.C) • Managing Director, S.S LOOTAH CONTRACTING CO (L.L.C) • Managing Director, BC Gas Construction L.L.C • Managing Director, S.S. Lootah International. (L.L.C) • Managing Director, Big Vault Self Storage L.L.C • Managing Director, International Energy Group L.L.C. • Managing Director, Y SI International L.L.C • Managing Director, ZAS International Investment (L.L.C) • Managing Director, S S Lootah Steel Fabrication L.L.C. • Managing Director, SS Lootah Electromechanical Works L.L.C.
Mr. Abdulla Ali Obaid Al Hamli	• Chairman, Deyaar Development PJSC • Chairman, of Tamweel PJC • Director, Noor Bank PJSC[1]	• Chairman, Emirates REIT • Chairman, Al Tanmyah Services L.L.C.
Mr. Hamad Abdulla Rashed Obaid Al Shamsi	• Chairman, Amanat Holding PJSC • Director, Taaleem PJSC • Director, Marka PJSC	• Chief Executive Officer, International Capital Trading LLC • Director, Kuwait Food Co.
Mr. Ahmad Mohammad Bin Humaidan	• Director, Noor Bank PJSC[1]	• Deputy Director General, H.H. Dubai Ruler's Court
Mr. Abdulaziz Ahmed Rahma Al Mheiri		• Chairman, Supervisory Board of Bosna Bank International • Director, Borse Dubai

Name	Membership/positions in UAE joint stock companies	Other material regulatory, government or commercial positions
H.E. Hamad Mubarak Buamim	• Chairman, National General Insurance PJSC • Director, Istithmar World PJSC	• President & CEO, Dubai Chamber of Commerce & Industry • Chairman, World Chambers Federation - International Chamber of Commerce • Chairman, Advisory Committee at Dubai Multi Commodities Centre • Director, Economic Zones World Dubai • Director, Emirates District Cooling LLC • Director, Dubai Free Zone Council • Director, UAE Banks Federation • Director, National Human Resources Development Fund Committee • Director, Competition Regulation Committee (MOE) • Managing Director, Dubai World • Director, Dubai World Holdings Ltd. • Managing Director, Nakheel World FZE, JAFZA • Chairman, Nakheel World LLC
Mr. Abdulla Hamad Rahma Al Shamsi		
Mr. Javier Marin Romano		• CEO of Singular Bank (Spain)

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

Sustainability Report 2021

TABLE OF CONTENTS

Dubai Islamic Bank is pleased to present its first annual Sustainability Report, showcasing the impacts of its operations for the year 2021. All information contained is as on December 31, 2021, unless stated otherwise. This report has been prepared in accordance with the GRI Standards, it also aligns with the UN Sustainable Development Goals and the UAE Vision 2021. The report includes DIB's operations in the United Arab Emirates only and it will be referred to as "Dubai Islamic Bank (DIB)" or "the Bank". It excludes national and international subsidiaries unless otherwise indicated. Financial data showcases the entire group's performance i.e. including national and international subsidiaries.

Contact Details

If you would like to learn more, share any feedback, or have questions about the sustainability report or its disclosed information, please contact:
investorrelations@dib.ae

Assurance

Our non-financial disclosures have been audited by our internal stakeholders who revised and approved the published data.

Our financial disclosure has been independently audited by Deloitte

Highlights 2021 (102-15)

45% **Emiratis** in our workforce	Total income of **AED 11.8 billion**	Total assets of **AED 279.1 billion**
Integration of Noor bank in **8 months,** a record in UAE banking history	Over **245 million** AED **of charitable contributions** to projects related to education, health, housing, and general community support	**45 nationalities** among our employees
2 Green **International Sukuks** issued in 2021 with the support of DIB	**Best ESG** **Strategy 2021** rewarded by the MEA Finance Award	**27% reduced** water **consumption** in our headquarters
100% **of employees returned to work after their parental leave and were still employed after 12 months**	**2%** **increase in the budget allocated to local suppliers**	**85%** **of all funds related transactions were executed on digital channels**

Chairman´s Message (102-14), (102-15)

Dear Valued Stakeholders,

The emergence of globalization spurred by the industrial revolution has led to unprecedented expansion in the major economies of the world. In this highly competitive global landscape, the UAE has remained an icon of progress with critical developments and advancements in various fields such as science & technology, healthcare, infrastructure and sustainability to name a few.

As we continue to grow towards the future, the UAE remains committed towards protecting the world's natural resources, providing high quality of life and ensuring the well-being of its people. With these aspirations at the core of the country's vision, the UAE remains focused on adoption of the UN global sustainable development goals (SDGs) to deliver prosperity not just to the people within but those beyond its borders.

Dubai Islamic Bank has always aligned its strategy towards the national ambitions. Our environmental commitments remain strong and our active participation in the green Islamic capital markets space has also benefitted large sovereigns and corporate institutions around the world.

Considering the above, I am very pleased to share with you our inaugural DIB Sustainability Report 2021 which highlights the bank's accomplishments and provides a glimpse of our future commitments aligned at embedding ESG best practices across the entire organization.

Our new sustainability roadmap will ensure DIB's successful pursuit of its defined yet evolving sustainability agenda, built around protecting our environment and uplifting the lives of the residents of the UAE.

I look forward towards this journey in the coming years as we advance and continue to strengthen the foundations of this dynamic organization and provide positive impact for the greater society.

His Excellency
Mohammed Ibrahim Al Shaibani

Director General of His Highness The Ruler's Court of Dubai and Chairman of Dubai Islamic Bank

GCEO's Message (102-14), (102-15)

Over the past 40 years, DIB has emerged as the champion of ethics, equality, and transparency and established itself as the leading Islamic financial institution in the world. To strengthen this unique standing, we, as a top player in the UAE banking sector, have a responsibility to proactively approach the most pressing issues of our ever-changing world and shift our focus towards building a sustainable environment for future generations.

Sustainability is at the core of DIB's strategy, values and its corporate purpose. Our commitments towards the continued economic growth and prosperity of the UAE is evidenced by our alignment and contributions to several of the global sustainable development goals. Our purpose is built around long-term value creation for all our stakeholders and naturally dovetails into the ultimate aim of a climate positive sustainable world.

It is my pleasure to welcome you to the launch of our first Sustainability Report 2021 which highlights our environmental, social, and governance efforts and achievements for the year 2021. Our past efforts have already been rewarded by the MEA Finance Award for having the "Best ESG Strategy 2021". However, we don't see it as a threshold to our sustainability achievements but as a starting point in defining our commitments for the years to come.

I am also extremely pleased to state that as of today, DIB is already aligned with nearly half of the global sustainable development goals across key areas such as good health and well-being, quality education, decent work and economic growth as well as climate action.

Our commitment towards the environment has gained significant momentum over the years. Apart from having participated in nearly USD 6 bn of green Islamic capital market transactions globally, our digital journey has witnessed a major revamp of our operational setup, leading to an overall positive environmental impact and conservation of resources. The well-being of our employees and the wider general society is at the heart of our corporate purpose and various initiatives have been launched to ensure that a healthy and balanced lifestyle is incorporated.

Our new sustainability pillars have been designed following a critical review of the material topics that matter to all our key stakeholders. These pillars will be broken down into commitments and cascaded across the entire organization for effective execution and will be closely monitored on a regular basis.

I am very enthusiastic of the journey ahead which will transition the bank towards providing financial solutions that help mitigate environmental risks and create positive economic and social impact. The complexities and dynamics of the current global environment require institutions to operate with greater efficiencies in utilizing energy and natural resources and it is through this roadmap that DIB will be able to sustain its leadership presence in the banking industry.

With the wise leadership of our nation, the knowledge and dedication of our employees, and the trust of our customers and stakeholders, we are excited to embark on this meaningful path and create an everlasting impact.

Dr. Adnan Chilwan

Group Chief Executive Officer of Dubai Islamic Bank

Monumental DIB Head Office back in 1979

Dubai Islamic Bank at a Glance

Dubai Islamic Bank (DIB) PJSC was officially inaugurated in 1975 by H.H. Shaikh Rashid bin Saeed Al Maktoum and was the first Islamic bank to adopt the principles of Sharia in all its practices.

Dubai Islamic Bank is the world's first full service Islamic bank and has, over the past 46 years, established itself as the leading Islamic bank in the United Arab Emirates (UAE) and amongst the largest in the world.

The Bank is listed on the Dubai Financial Market (Ticker: "DIB") as a public joint company and was subsequently registered under the Commercial Companies Law number 8 of 1984. Its headquarter is located in Dubai, UAE.

DIB is primarily engaged in corporate, retail, and investment banking activities and carries out its operations through its 54 branches and 600 self-service banking channels including ATMs and CCDMs across the UAE.

Serving over 5 million customers across the Group, DIB offers its growing consumer base an increasing range of innovative Sharia compliant products and services inside the UAE and at Its overseas subsidiaries, located in Pakistan, Bosnia, Kenya, Sudan, and Indonesia.

ESTABLISHED OVER
46 YEARS AGO

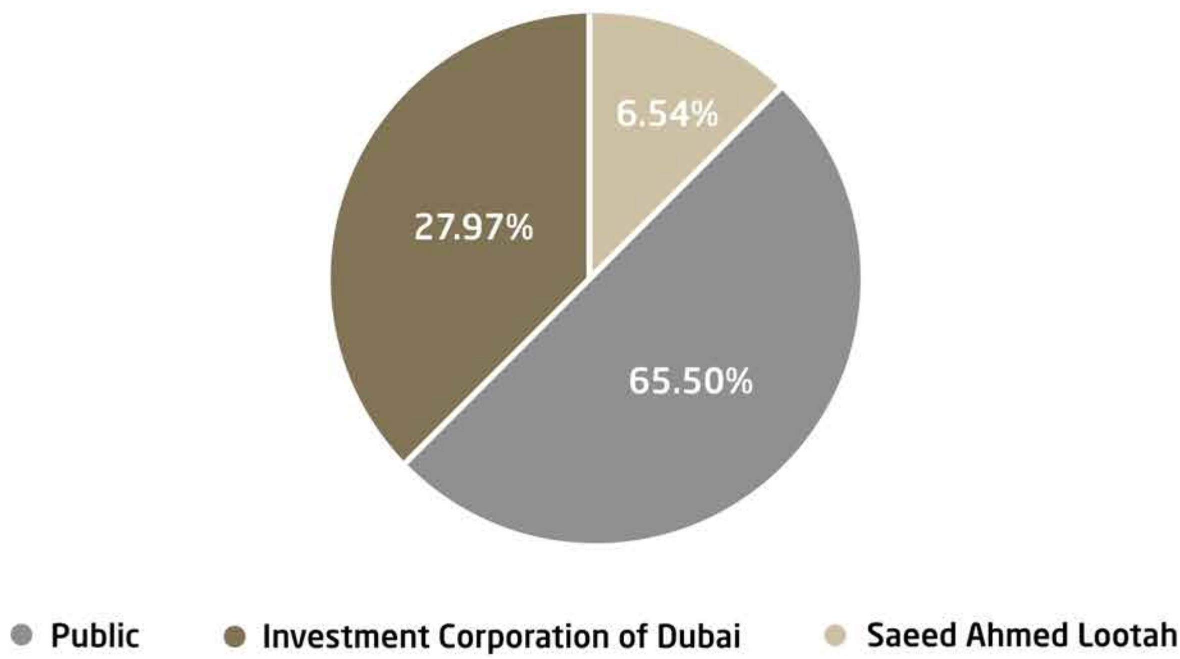
54 BRANCHES AND
600 SELF SERVICE BANKING CHANNELS

SERVING OVER
5 MILLION CUSTOMERS ACROSS THE GROUP

From Dubai to the world

Overview of DIB's locations worldwide

Ownership Structure (102-5)



Vision, Purpose and Values

Vision

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

Purpose

To instill simplicity and convenience in all our offerings through a personal and engaging experience closely aligned with global sustainable practices for a better future

Values: ICARE

1 Inclusive

Accessible to all, and most importantly, without bias.

2 Collaborative

Connected together as a team to deliver banking with ease.

3 Agile

Deliver faster solutions and provide happy experiences.

4 Responsible

Fair, transparent, and accountable in making responsible decisions.

5 Engaged

Passionate and committed to deliver fulfilling journeys.

Financials 2021 (102-7), (103-1), (103-2), (103-3), (201-1)

DIB aims to spearhead Islamic banking globally, by bringing unique value to all its stakeholders and those close to its operational environment. A strong economic performance over the years is a clear testament that this relatively unique and nascent business model has the ability to become a norm, a fact that DIB and its management strongly believes in:

The table below provides our financial performance for the year 2021:

Financial Position Highlights

Islamic Financing and Investing Assets
AED **186.7 billion**

Total Assets
AED **279.1 billion**

Customer Desposits
AED **205.9 billion**

Total Equity
AED **41.5 billion**

Performance Highlights

Total Income
AED **11.8 billion**

OPEX
AED **2.5 billion**

Group Net Profit
AED **4.4 billion**

Key Ratios

ROE	ROA	Cost Income Ratio	CAR Ratio
11.8%	**1.53%**	**26.8%**	**17.1%**

Acquisition of Noor Bank (102-15)

WITH THE SUCCESSFUL INTEGRATION OF NOOR BANK IN OCTOBER 2020, DESPITE THE OUTBREAK OF THE GLOBAL COVID-19 PANDEMIC, DIB DEMONSTRATED ECONOMIC VALUE CREATION AND BUSINESS CONTINUITY.

Throughout 2021 we are proud to say that DIB expanded its economic footprint in the region and internationally ensuring its position as a powerhouse in world of Islamic finance.

Key Highlights:

DELIVERED THE PROGRAM IN **8 MONTHS - A RECORD IN UAE BANKING HISTORY**

NUMBER OF **CUSTOMERS MIGRATED: 125K**

NUMBER OF SYSTEMS **INVOLVED: 100+**

Credit Ratings (103-1), (103-2), (103-3)

Rating Agency	Long-Term Rating	Short-Term Rating	Outlook
Moody's	A3	P-2	Stable
Fitch Rating	A	F1	Stable
Islamic International Rating Agency (IIRA)	A+/A1	-	Stable

Membership associations (102-12), (102-13)

- Union of the Arab Banks
- Emirates Institute for Banking and Financial Studies (EIBFS)
- Middle East Investor Relation Association (MEIRA)
- Dubai Financial Market (DFM)
- Islamic Financial Services Board (IFSB)
- UAE Banks Federation

Procurement Practices (102-21), (102-31), (103-1), (102-9), (204-1)

Selection Process

In order to avoid disruptions along our supply chain, minimize any adverse impacts, and ensure overall economic inclusion, we undergo a high-level process when engaging with new suppliers and when auditing existing ones. Potential new suppliers are subject to rigorous due diligence before onboarding by following a 9-step selection process. Once included in our supplier portfolio, annual sanction screenings are carried out. The nine (9) step model is as follows:

Obtain requirements from business

Project kick-off meeting with business

Publish tender to suppliers

Vendor to submit proposals

Vendor presentations

Technical evaluation by business

Commercial evaluation by procurement

Management approval

Contract negotiation

Contract sign-off

>With support from the compliance Due Diligence team, annual sanction screenings for existing suppliers are conducted.

Supporting Local Suppliers

Established under the vision of H.H Sheikh Rashid bin Saeed Al Maktoum and the late Haj Saeed bin Ahmed Al Lootah, DIB historically has a rich heritage and strong standing in the UAE. To uphold these values, we primarily focus on supporting local suppliers, (defined as those providing a trade license issued inside the UAE) – a clear proof being that 92% of the total budgetary spent in 2021 was on account of UAE licensed suppliers.

Awards

BEST ISLAMIC BANK
UAE MEA Finance Awards 2021

BEST ESG STRATEGY
UAE MEA Finance Awards 2021

WOMEN EMPOWERMENT EXCELLENCE AWARD
MEBIS+ Bank Awards 2021

EXCELLENCE IN INNOVATION AWARD
Islamic Banking Finnovex Middle East Awards 2021

DEAL OF THE YEAR
The Asset Triple A Islamic Finance Awards 2021

BEST SOVEREIGN DEAL
The Asset Triple A Islamic Finance Awards 2021

BEST GREEN SUKUK - SOVEREIGN
The Asset Triple A Islamic Finance Awards 2021

BEST BANK CAPITAL SUKUK
The Asset Triple A Islamic Finance Awards 2021

BEST GREEN SUKUK
The Asset Triple A Islamic Finance Awards 2021

BEST CORPORATE HYBRID SUKUK
The Asset Triple A Islamic Finance Awards 2021

PERPETUAL DEAL OF THE YEAR
Islamic Finance News Awards

BEST ISLAMIC RETAIL BANK
Islamic Finance News Awards

STRUCTURED FINANCE DEAL OF THE YEAR
Islamic Finance News Awards

BEST ISLAMIC BANK IN KENYA
Islamic Finance News Awards

UAE DEAL OF THE YEAR
Islamic Finance News Awards

DUBAI ISLAMIC BANK WAS RECOGNIZED FOR ITS EFFORTS IN THE EMIRATISATION DOMAIN
Emirates Institute for Banking and Financial Studies

DIB RANKED 15TH AMONGST TOP 100 COMPANIES IN THE MIDDLE EAST 2021
Forbes Middle East

Social Media Numbers

The DIB Social Media channels have evolved since inception over the last 5+ years. What started as a simple online presence has now evolved into a prime communications and marketing channel that has developed a deep & engaging followership till date.

DIB Social Media channels have market leading engagements in the UAE and have also solidified into a platform to acquire new to bank customers in the retail space.

With massive following in the UAE on channels across LinkedIn, Twitter, Facebook, Instagram and YouTube, DIB has kept pace with the best practices, both locally & internationally in terms of communications and customer interactions.

DIB is also an extremely active player in the Corporate Responsibility space that helps to blend in well with the social media community and, particularly the new connected generation who are strongly aligned to sustainability and community development.

The table below shows the cumulative numbers by the online community on these five (5) social media channels:

	2020	2021
Impressions (million)	66.2	136
Engagements (million)	1.3	2.2
Followers (thousand)	795	903

Our Purpose statement includes sustainability as a key pillar : "To instill simplicity and convenience in all our offerings through a personal and engaging experience closely aligned with global sustainable practices for a better future."

Key Stakeholders (102-40), (102-42), (102-43), (102-44)

DIB defines stakeholders as individuals and groups who are directly or indirectly affected by business operations and any party that has an interest or stake in DIB. At DIB we recognize that constructive stakeholder engagement is essential to our ability to deliver long-term sustainable value and positive impact for all. The dynamic process of stakeholder engagement, that requires continuous monitoring and adjustment, and its disclosure is formalized in our "Stakeholder Engagement and Disclosure Policy" which has been introduced in October 2021.

The table below outlines our key stakeholder groups, the facilitators, and our engagement channels:

Stakeholder Group	Facilitators	Engagement Channels
Customers	Business Units (Consumer, Wholesale, and Investment Banking)	Website / Social Media Channels / Call Center / Feedback through "Voice of the Customer" / Complaints / Customer Communications
Employees	Human Resources	Town Halls / E-Learning / Monthly Strategic Communication / Intranet/ Whistle Blowing Mechanism
Shareholders	Strategy and Investor Relations	General Meetings / Annual Report / DIB Website / Market Disclosures / Dedicated Investor Relations (IR) Line
Investors	Strategy and Investor Relations	Investor Roadshows / Dedicated Investor Relations (IR) Line / Quarterly IR Reports / One-on-One Meetings / DIB Website / Annual Report / Market Disclosures
Regulators	Compliance	General Meetings / Market Disclosure / Periodic Disclosures
Financial Institutions	Treasury	Market Disclosure / General Meetings / Quarterly Financial Reports / One-on-One Meetings
Rating Agencies	Strategy & Investor Relations	Frequent Rating Review / interviews / Market Disclosures
Suppliers	Procurement	OnSite Meetings / Training sessions
Community	Community Support Services	Licensed Charities & Foundations / Qard Al Hasan through Branches
Group Entities	Corporate Governance	Governed by Subsidiaries and Affiliates Governance Framework primarily through the control functions and international business function
The Market	Strategy & Investor Relations	Financial disclosures / Strategic announcements / AGM invites and resolutions / Press releases

Materiality Topics (102-21), (102-31), (102-47), (103-1)

Materiality Topics are defined as those topics that have a direct or indirect impact on an organization's ability to create, preserve or erode economic, environmental and social value for itself, its stakeholders and society at large. These topics may reasonably be considered important for reflecting the organization's economic, environmental, and social impact, or influencing the decisions of stakeholders.

In order to define our ESG materiality topics and create the materiality matrix accordingly, three main steps were undertaken:

01
A detailed benchmarking exercise with industry peers was conducted

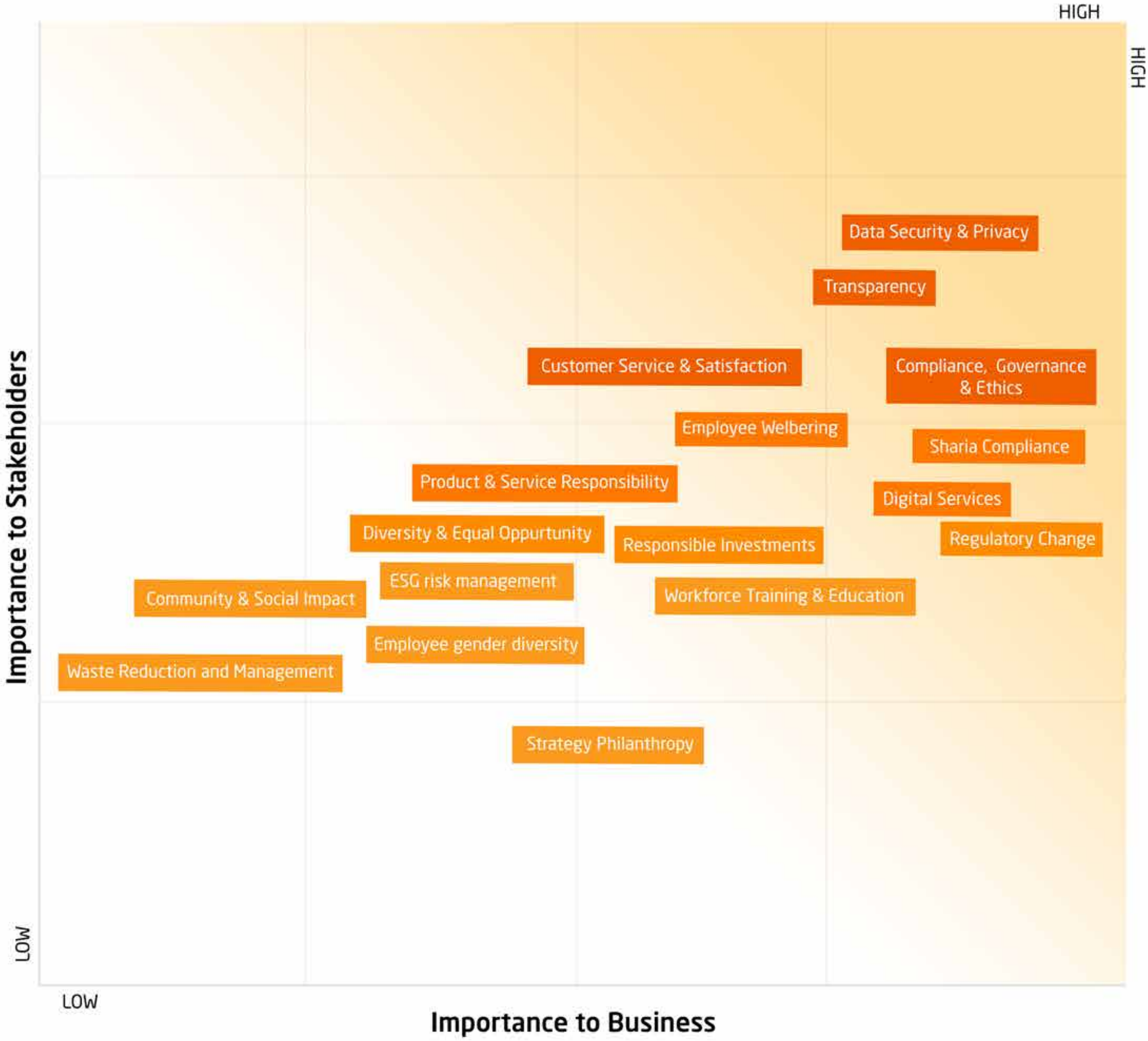
02
Following the above, an external and internal stakeholder survey was carried out

03
Lastly, meetings with direct stakeholders across the organization were held to gather and ratify the information

We aim at reviewing the topics by conducting a new materiality exercise every two to three years.

Materiality Matrix

The Materiality Matrix below outlines the topics of the highest priority for stakeholders and to our business. The topics in the top right corner of the matrix are considered most material to external and internal stakeholders and should therefore be of the highest priority.



Our key Material Topics	
Data Security & Privacy	Compliance, Governance & Ethics
Transparency	Sharia Compliance
Customer Service and Satisfaction	Employee Wellbeing
Digital Services	Regulatory Changes

Sustainability Pillars

Driven by international and country-specific sustainability initiatives and our committed leadership, we have defined our sustainability approach under five (5) ESG-compliant pillars.

These pillars focus on the most material topics for our organization and have been designed in accordance with stakeholder expectations, best practices in the financial industry, and our overall company strategy.

Alignment with the UN SDGs and the UAE Vision (103-1), (103-2), (103-3)

The Sustainable Development Goals (SDG) were designed by the United Nations (UN) to be a "blueprint to achieve a better and more sustainable future for all" and are aimed to be achieved by 2030.

As of today, we are aligned with eight (8) of the UN SDG goals, either through our business activities or our charitable contributions.

As part of our ongoing sustainability efforts, we aim at gradually aligning with more of the goals in the future.

SDG addressed	DIB's impacts
3 GOOD HEALTH	> In 2021, over 23 million AED in charitable contributions were made to projects that support patients in need. > DIB Active encourages employees to physical exercise.
4 QUALITY EDUCATION	> In 2021, over 5 million AED in charitable contributions were made to projects with educational purposes.
5 GENDER EQUALITY	> Growing number of women in the workforce. > Equal amount of 10 training hours to female and male employees.
8 GOOD JOBS AND ECONOMIC GROWTH	> Stable economic performance with total income of AED 11.8 billion in 2021. > 3763 direct jobs provided in the UAE.
10 REDUCED INEQUALITIES	> 9 branches across the UAE that are fully accessible for people of determination: including wheelchair accessible teller counters, bathrooms, ramps and handrails.
13 CLIMATE ACTION	> Integration of climate change and intensified natural disasters in our risk assessments models. > Internally circulating awareness campaigns on environmental actions. > Focus on sustainable construction practices in our newly built offices. > Discounted profit rates for auto finance for electric vehicle.
11 SUSTAINABLE CITIES AND COMMUNITIES	> In 2021, around 14 million AED of charitable contributions were made to projects supporting affordable housing or strengthening the local community and its families.
16 PEACE AND JUSTICE	> Strict anti-bribery policies. > Close collaboration with the UAE government, due to ownership structures, to contribute to positive decision-making at all levels. > Inclusive collaboration with NGOs and charities.

The UAE Vision 2021 was launched by H.H Sheikh Mohammed bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE and Ruler of Dubai, with the aim to make the UAE among the best countries in the world. Below is how we are addressing the pillars of the UAE Vision 2021:

> Distribution of over 245 million AED of charitable contributions to 24 NGOs and charities inside the UAE

> All women that took maternity leave returned to the workplace, showcasing the importance of family values
> committed to the ethics and principles of Islamic finance in an increasingly globalized and diverse environment

> 45% of Emirati employees
> Host and participant of significant events, conferences, and summits in the financial sector in the UAE and the Middle East

> Contributing to the excellent standing of the UAE, nationally and internationally through our activities

DIB is focused on enhancing enterprise value over the long term, delivering on its commitments to all stakeholders and strengthening customer confidence in the franchises.

A strong corporate governance culture and robust practices are crucial components in achieving these objectives and showcasing our commitment to morality, equality, and transparency, especially in an ever-changing world.

Response to Covid-19

The global outbreak of novel coronavirus (COVID-19) during early 2020 is continuing to affect normal lives, businesses, and the global economy in many ways. During the first wave in 2020, we have realigned our business strategy under the slogan "In It Together with Our People, Clients & Communities" and showcased our priority for wellbeing and safety.

Throughout 2021, we further adapted in the following manner to the pandemic:

#InItTogether

Our response towards our employees, customers and the community

Our People

Gradual progression to **work from the office with social distancing guidelines implemented**

Encourage **flexible working hours, relocations, and installing acrylic sheets on workstations** where social distancing is a challenge

Educating our staff on precautionary actions via **regular emails and on-site posters**

Protecting Touchpoints via thorough sanitization of DIB **Offices, Branches & ATM spots, deployment of hand sanitizers** in all locations and temperature scanning at all DIB sites - Below are key numbers to support the above:

50,000 Gloves distributed

Around **260,000 masks provided**

Over **1300** Liters of **Hand sanitizer gels supplied**

Retail Customers

Based on eligibility, special finance postponement schemes as well as waivers and benefits and products have been put in place to **help customers during this difficult time**

Encouraging customers to use contactless payments accessible by **activating Apple Pay or Samsung Pay**

Bank From Home option with wide range of banking services available via **DIB Online Banking and Mobile App**

Regular updates via DIB Digital channels such as **SMS, Emailers, Social Media & Phone Banking**

SME & Corporate Customers

Based on eligibility, existing customer get deferment of finance with **no additional charges**

Introduced low profit rates, reduction in processing fees and simplified documentation process

Facilitating clients to **manage operations through digital channels**

Supporting Community

The Bank announced the largest contribution of **AED120 million** in UAE to the Community Solidarity Fund Against Covid-19.
The gesture represents bank's commitment to supporting national humanitarian initiatives

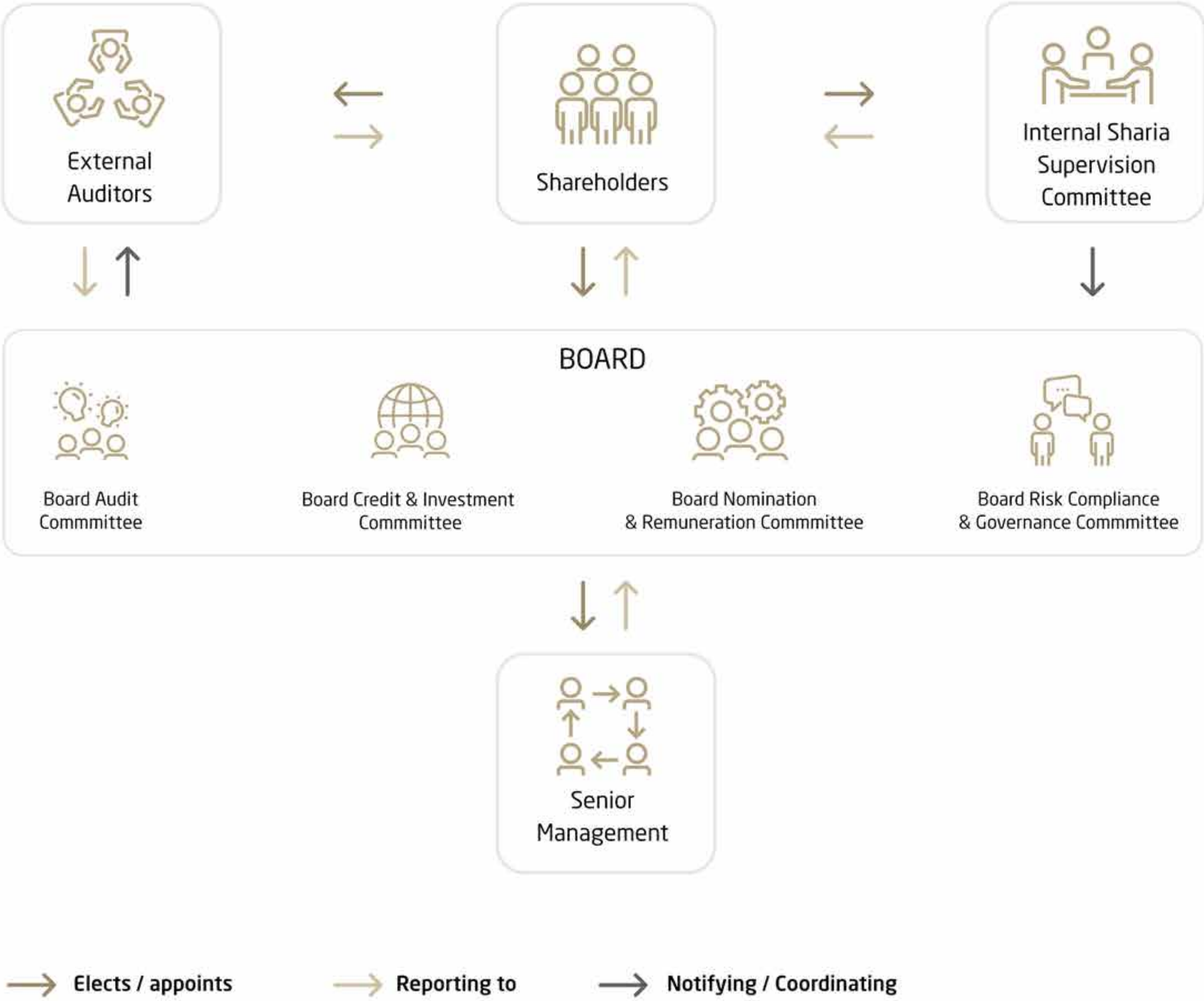
Crisis Management Team **setup to monitor the situation**

Circulate inspiring and uplifting messages across various social media channels

Governance Structure (102-16), (102-17), (102-18), (102-19)

A corporate governance system facilitates principled goal setting, effective decision-making, and monitoring of compliance and performance. This enables the Board and Senior Management to interact effectively and respond appropriately to changing circumstances within a framework supported by our core corporate values.

The Board of Dubai Islamic Bank is responsible for the overall management of the Group and for ensuring that proper standards of corporate governance are maintained. The Board is sufficiently diverse in its outlook and collectively has the appropriate balance of skills, experience, independence, and knowledge to enable it to perform its duties and responsibilities effectively.



Governance Policies at DIB

Code of Corporate Governance	Whistleblowing Policy	Employee Code of Conduct
Business Continuity Policy	Stakeholder Engagement & Disclosure Policy	Director's Code of Conduct
Anti-Bribery Policy	Subsidiary & affiliate corporate governance framework	Sharia governance framework
Conflict of interest policy	Related party transaction policy	Internal Audit Charter
External Auditor policy	Sanctions policy	

For more information, please refer to our code of corporate governance and governance report 2021 available on our website.

Customer Protection and Data Security (418-1)

Customers represent a key stakeholder group and are a principal priority for DIB. To ensure we are safeguarding their rights we commit to:

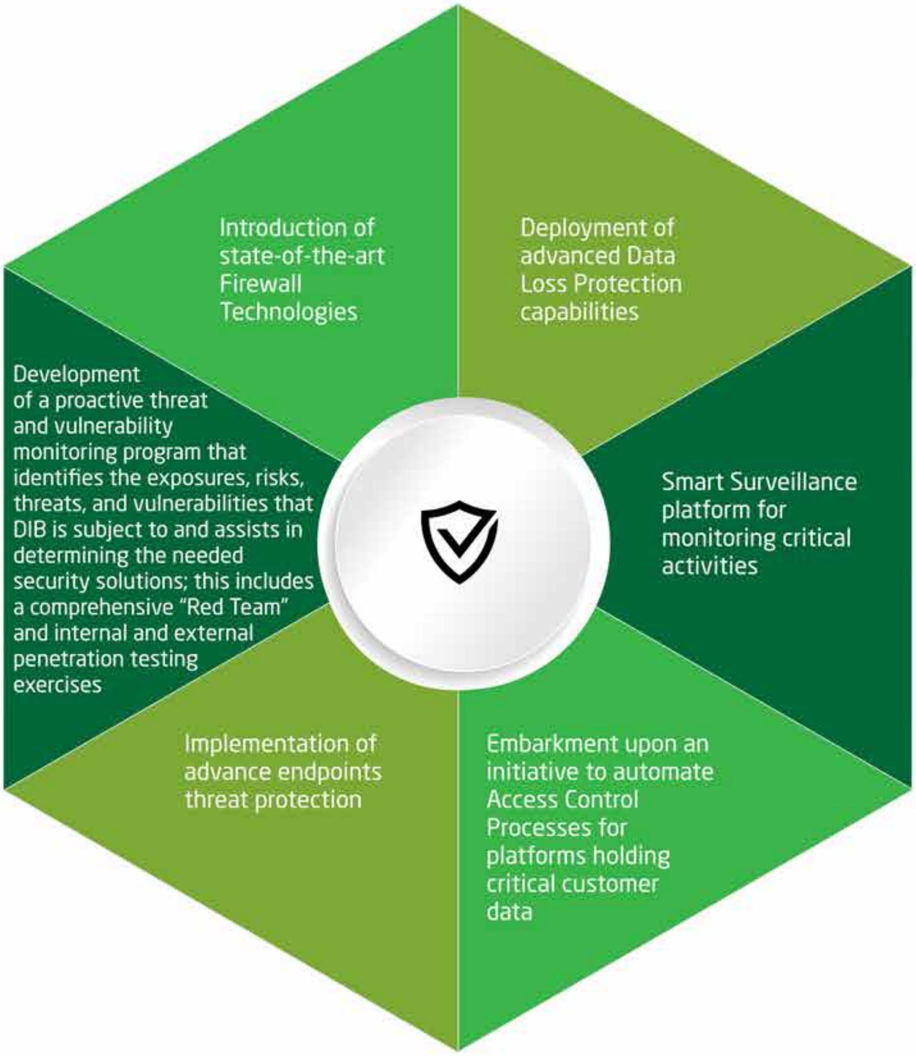
1. Treating customers fairly and equally
2. Providing transparent, accurate, accessible, and clear information relating to the terms and conditions of its products and services
3. Advertising products clearly and responsibly
4. Protecting customers' interests, assets, information, and data
5. Ensuring that depositors' interests take precedence over shareholders' interests
6. The professional and timely handling of customers' enquiries and concerns
7. Complying with applicable consumer protection regulations

Safeguarding the Data security and Privacy of its Customers

With the ever-increasing pace of digital transformation across the financial industry, cyber security threats are on the rise. DIB takes these risks very seriously and has therefore established a robust cyber security governance program based on the needs and expectations of its internal and external stakeholders.

The deployment of state-of-the-art processes and technology solutions into every role, process, product, and service DIB offers, ensures full protection from internal or external cyber threats.

DIB is committed to constantly enhancing and updating its Cyber Security capability and defense mechanisms to protect DIB's internal, external and customer related data and information. Since 2020 and ongoing in 2021 some of these efforts are:



DIB's cyber security program has been certified and is compliant against the global standard for Cyber Security, ISO/IEC 27001:2013 ever since DIB's initial certification twelve (12) years ago. It is continually improved upon and strengthened by the adoption of regional and regulatory compliance requirements; this has resulted in DIB's achievement of 98 percentage of NESA compliance at an accelerated pace. Further, DIB is fully compliant with industry-specific programs such as Payment Card Industry - Data Security Standard (PCI-DSS) and SWIFT - CSP Customer Specific Programs.

Customer Literacy

DIB strives to give the best service possible and deliver easy, secure and convenient products and services. Part of this is to always be ready to listen to our customers and provide assistance to the best of our abilities. If customers are unsatisfied, we want to hear about it to investigate, make things right and improve services for everyone. Customers can reach to us through the following channel:

During business hours

- Visit any DIB Branch
- Contact your Relationship manager (if eligible)

At any time

- Phone Banking
- Online and Mobile Banking
- Email
- DIB Website Complaint Form
- By mail

An integral part of our customer service is to provide literacy and educate customers about their banking activities. We see it as our ethical duty to unwrap the financial jargon and provide clear explanations. We focus on education in the following areas:

Banking Products	Handy tools for customers
Differences between Islamic and Conventional Banks	Liabilities Counseling

Tips on Healthy Practices:

Understanding Credit Scores

Avoiding online scams

Budgeting

Setting financial goals

For more information, please refer to Our Website

Financial Empowerment for next generation

Many teens and adults are not ready to manage their own money. Such can largely be concluded from the fact that schools do not provide comprehensive education on how to take care of personal finances.

To fill these gaps, DIB partnered with KFI Global Financial to rollout financial-education programs and campaigns at schools and universities in the UAE, mainly targeting students between the age of 14 to 21.

The program aims at spreading in-depth financial knowledge to the next generation of international and local students. The kick-off of the program is scheduled for the beginning of the year 2022.

Targeting students between the age of 14 to 21.

Consumer Protection Regulations by the Central Bank

Aligning with newly passed law by the UAE Central Bank, we commit to:

- Protect consumers' privacy and data security, and refrain from using them for promotional and marketing purposes
- Respect consumers' religious values, customs, and traditions
- Settle consumers' disputes promptly
- Provide the consumer with fair and comprehensive invoices

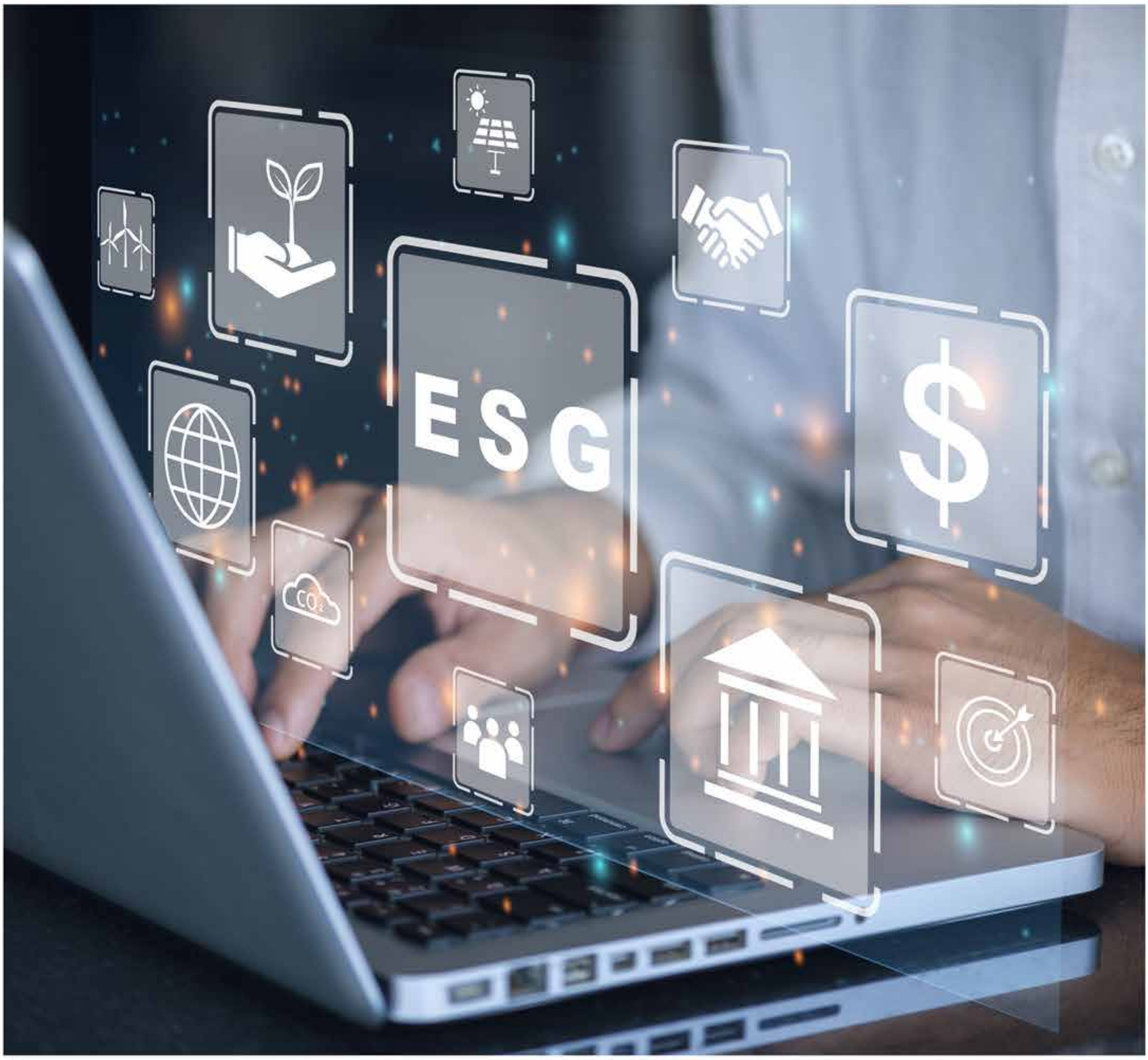
ESG Risk Management (102-11), (201-2)

Financial and non-financial risks are historically inherent in the Bank's activities. However, at DIB we managed those through rigorous processes of ongoing identification, measurement, and monitoring, applying a comprehensive risk management framework, and following international and national policies and disclosure mandates.

The Board of Directors (BoD), supported by the Board Risk, Compliance and Governance Committee (BRCGC) and Risk Management Department, is ultimately responsible for identifying, monitoring, and controlling the risks and is supported by independent bodies and functions in the front-end and middle offices.

Since the end of 2020, we integrate the imposed risks from natural disasters such as earthquakes, tsunamis, wildfires, droughts, or floods, arising from climate change, as a core factor in our risk screening.

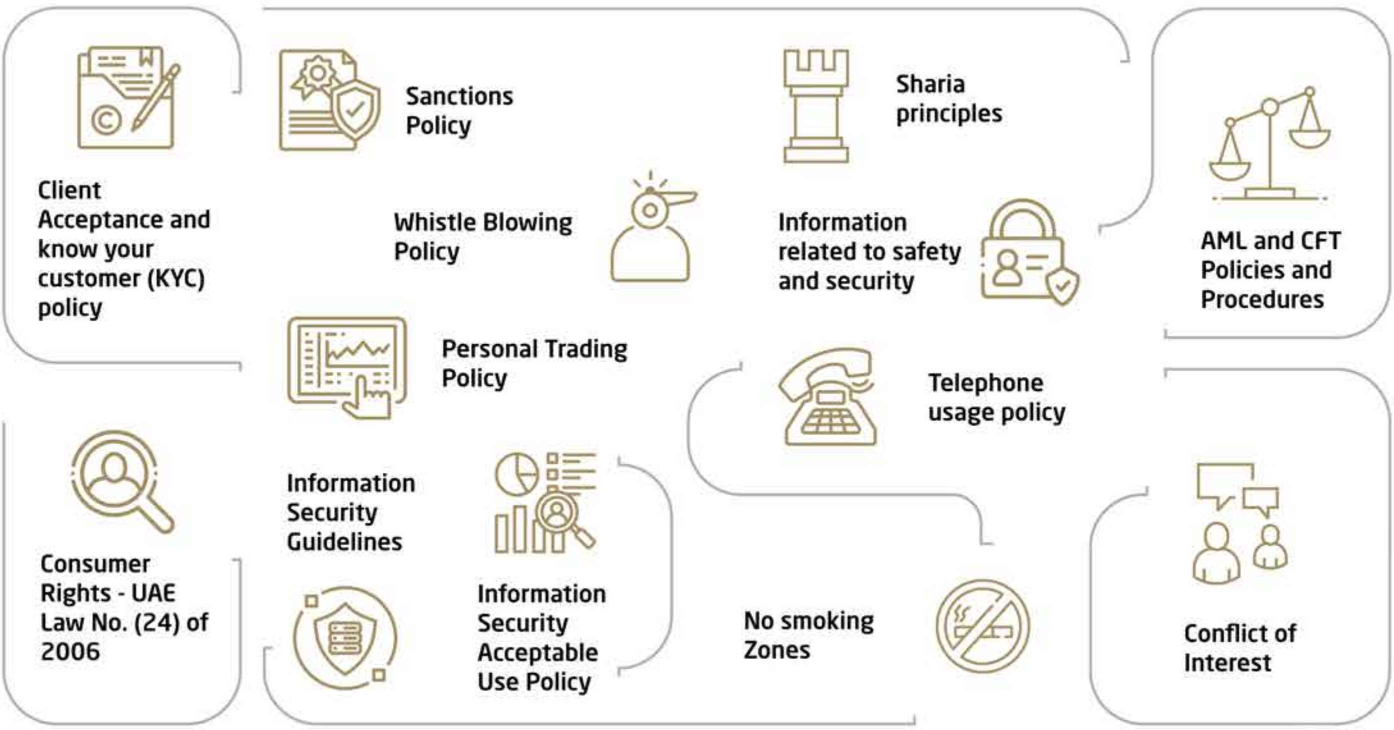
We are aware that the probability of these events occurring more frequently and more intensely is very high and therefore we target to implement more assessment tools, addressing climate and ESG topics in a larger sense, into our processes.



At DIB we define a thriving workplace as one that empowers employees, encourages a two-way conversation, and ensures the wellbeing of all. We see the unique skill sets and diverse backgrounds of every employee as an opportunity for DIB's progression and therefore invest in the continuous growth and inspiration of our staff as we prepare them for a rewarding career.

Employee Code of Conduct

At DIB we are committed to the highest ethical standards. These standards are reflected in our belief that business should be conducted impartially, legitimately, and with integrity according to our organization's values. Our Employee Code of Conduct (CoC) formalizes this belief and states what employees can expect from the organization and what we expect from them. The Employee CoC includes a declaration form that every employee electronically signs to confirm they have read and understood the CoC, and know how to act when an actual, potential, and perceived conflict arises. The CoC lists relevant policies and information for DIB employees:



Learning and Development (103-1), (103-2), (103-3), (404-1)

As employees are the main asset for DIB, developing their skills and growing their career together is crucial to ensure business success. Our dedicated Learning & Development team ensures continuous progression of knowledge and career and has provided an average of ten (10) training hours per employee, both female and male in 2021.

In addition, various initiatives are being offered to support the continuous development of the staffs and their families such as the DIB Talent Management and Learning & Development "Corporate University Tie Ups" initiative that was launched in 2021. As part of the on-going professional developments of the staff, the bank has tied up with prestigious local education and academic institutions to provide corporate discounts and other academic benefits to our staff and their immediate family members, for various academic courses. A partnership through an MoU was established with the following universities in Dubai, UAE:

University of Wollongong in Dubai

Canadian University Dubai

Heriot Watt University

Hult International Business School

Middlesex University Dubai

Employee Diversity (102-8), (103-1), (103-2), (103-3), (401-1), (401-3)

Emiratisation (202-2), (405-1)

As part of the UAE's vision 2021 and its included "Tawteen" ambition to overcome division in the labour market, we are placing a focus on hiring local employees. **In 2021, 45% of our total full-time workforce were locals.**

	2020	2021
% of Emirati employees	46%	45%
% of Emiratis in Top Management	22%	19%
% of Expat employees	54%	55%

Diversity by Nationality

DIB employs individuals from **45 countries, who can speak nearly 30 languages and thereby mirrors the population mix of the UAE.**

	2020	2021
Number of countries from which we have employees	44	45

Diversity by Gender (102-8), (405-1), (405-2), (401-1)

Historically, DIB was dominated by male employees. However, over the past years, we have actively worked on hiring more female employees and thereby improving the gender ratio. As of now, two DIB international subsidiaries have female Board members. The future plans are to further **increase female presence at the senior management level, in executive positions, and at the board.**

	2020	2021
Number of full-time employees	1946	1839
% of female employees	35%	35%
% of female employees in Top Management	3%	5%

For more information on female presence on the Board in our international subsidiaries please refer to DIB Pakistan and DIB Kenya websites.

Diversity by Age (401-1)

At DIB we employ individuals from **all age groups as we see different experiences and diversity** as an **opportunity when striving for excellence.**

Age breakdown by Full-time employees	2020	2021
18-24	4%	4%
25-34	25%	23%
35-44	40%	41%
45-54	25%	26%
55+	6%	6%

Employee Wellbeing

Employee Turnover (401-1)

DIB has earned the reputation of being an employer of choice, fostering a diverse and inclusive work environment that offers prospects for all employees. **This standing is reflected in our low turnover rate, for both male and female employees.**

	2020	2021
Turnover rate for male employees	8%	6%
Turnover rate for female employees	3%	3%

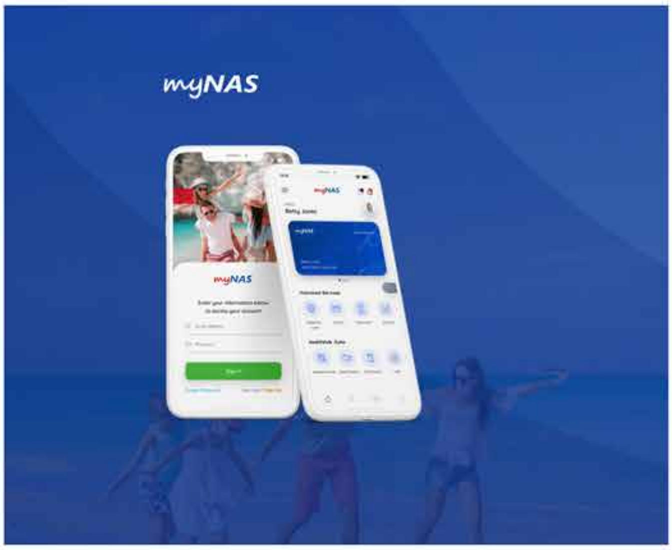
Health and Wellness Programs (103-1), (103-2), (403-6)

In December 2017 Group CEO Dr. Adnan Chilwan launched DIB ACTIVE, a program that emphasizes engagement of employees outside the office **environment and develops teamwork, leadership and mentoring skills** while promoting overall wellbeing. By offering various sports activities, for men and women, such as **cricket, football, kayaking, hiking, volleyball, table tennis, badminton and go-karting, physical engagement is stimulated in a fun way**. This year, **over 15 events were hosted and nearly 1800 participated.**

	2020	2021
Number of events	19	18
Number of participants	1820	1793

Raising Awareness on Health Issues

Providing gamified content through the Knowingo and Intuitions app allows us to reach employees and raise awareness on pressing health topics. In 2021, we provided information through these online platforms on four main topics: The importance of mental health, breast cancer awareness, Covid-19 health, and vaccine awareness.



Telehealth Service

As part of our ongoing endeavor to improve employee health and wellbeing and to align with recommendations by the UAE Ministry of Interior and the National Emergency and Crisis and Disasters Management Authority, DIB partnered with NAS, King's college hospital, Mediclinic and Prime Healthcare Group to provide an innovative app that allows employees to speak to a general practitioner (GP) free of charge and from the comfort of their homes. The platform also allows users to easily book appointments for further tests or with specialists, have prescribed medication delivered and laboratory tests collected.

World Diabetic Day

As a contribution to World Diabetic Day, DIB offered, together with partnering hospitals, free Diabetic Screenings for employees and their family members.

Health insurance of Employee Children

Since 2019 DIB facilitates, in collaboration with Salama Insurance, the possibility for employees to opt for additional health insurance for their children who are currently not eligible under the DIB policy. We are proud to demonstrate our engagement in protecting the health of employees' families.

Parental Leave (401-3)

Aligned with UAE Labour laws, pregnant women are entitled to forty-five (45) days of paid maternity leave and men to five (5) days of paternity leave. When returning to the workplace we ensure the right tools are in place so the fresh mothers and fathers are not facing any disadvantages and can continue performing their jobs as before.

In 2020 and in 2021 all employees, male and female, who took parental leave, returned to the workplace and all of those were still employed after 12 months.

	2020	2021
Total number of male employees entitled to parental leave	1108	1043
Number of male employees that took parental leave	22	22
Total number of female employees entitled for parental leave	361	345
Number of female employees that took parental leave	47	45
Return to work rate (both genders)	100%	100%
Retention rate (both genders)	100%	100%

POSITIVE COMMUNITY IMPACT

(103-1), (103-2), (413-1), (413-2)

As DIB's economic footprint is expanding, in the region and internationally, we are increasingly dedicated to have a positive impact on the larger community and support its socio-economic development.

In 2021, we made charitable contributions amounting to over **245 million AED to individuals and to 24 different charities and NGOs inside the UAE**. These positive contributions are distributed with our four (4) impact areas in mind:

- Quality Education
- Community Support
- Good Health
- Affordable Housing

Quality Education

Tackling inequality in education

The outbreak of the Covid-19 pandemic in early 2020 amplified social inequalities in education systems. To actively counteract these effects and support quality education inside the country, an ongoing effort is to donate laptops to students who are not able to afford it. Further, 141 children and young adults from low-income families in the UAE benefitted from our community support services. DIB supported the payment of educational fees for students in schools and universities, and thereby helped families to cover high educational fees.

Youth empowerment

Supporting Emirati youth in their career progression and guiding them towards, - and on their professional journey is at the heart of DIB. In 2021 we actively participated in several events to empower young Arabs:

Participation at the GOV Youth Summit

The GOV Youth Summit came into life with the objective of empowering the youth of the UAE, Saudi Arabia, Oman, Bahrain, and Kuwait and providing a platform to voice their opinions, find solutions to their challenges and build a resilient youth workforce. DIB participated as a Strategic Partner in the event in mid-June 2021.

Supporting the Emirati Youth

DIB participates as an exhibitor at the National Career Exhibition in Sharjah. The annual fair offers exciting job and training opportunities for the Emirati youth and delivers useful insights into work environments. Also, Dubai Islamic Bank participated at "Careers UAE", an event providing networking and recruiting opportunities. The event is in line with the UAE vision on Emiratisation which forms an integral part of the federal government's strategy.

DIB's stand at the National Career Exhibition in Sharjah, UAE

Good Health

Over 20 million AED of our charitable contributions were directed towards "good health" programs. Some highlights from our partnership in 2021:

Name of partnering association	Contribution by DIB
Emirates Red Crescent Medical Center	**DIB distributed 1.2 million AED to sponsor the cost of yearly medical follow-ups and lab tests for diabetic patients.** The new project by the Emirates Red Crescent Medical Center offers free treatments for diabetic patients.
Dubai Charity Association	By supporting the Dubai Charity Association, DIB was able to **pay the costs of kidney operations for 63 patients in hospitals and medical centers inside the UAE.**
Emirates Thalassemia Society	Thalassemia is an inherited, genetic blood disorder which hinders sufficient circulation of oxygen in one's blood. DIB has paid for the cost of treatments for **over 220 patients in the UAE and thereby contributed to their well-being and relief of suffering.**
Al Jalila Foundation	The not-for-profit organization, founded in 2013 by H.H. Sheikh Mohamed Bin Rashid Al Maktoum, operates with the cause to transform lives through medical research, education, and treatment. **With DIB's contribution of 1 million AED to the "Awn" program, over 30 patients suffering from severe diseases were able to be provided with lifesaving assistance.**
Islamic Affairs & Charitable Activities Department	During the holy month of Ramadan, DIB partnered with the Islamic Affairs and Charitable Activities Department and **allocated 3.5 million AED to offer kidney transplantation operations for those suffering from kidney failure**. Patients included children, who's families were are unable to pay for the costly operations.

Affordable Housing

Supporting the local population

Providing the local population of the UAE with a happy and safe home is part of DIB's core effort to have a positive community impact. By collaborating with UAE government housing schemes, financing solutions to provide affordable housing to **UAE Nationals in all the 7 (seven) emirates and for both, ready and under-construction properties, were offered. Once approved by the governmental housing schemes, UAE nationals are given financing of up to 750,000 AED on a zero-profit rate. In case financing over above 750,000 AED is required, DIB offers discounted profit rates, lower than the regular home finance rate.**

DIB has partnered with MBRHE (Mohammed Bin Rashid Housing Establishment) and SZHP (Sheikh Zayed Housing Programme) to offer these financial support schemes.

Housing support services

In 2021, DIB supported almost 200 families who faced hardship in paying their rental expenses, utility, furniture, or house maintenance bills. A focus of this program was to especially give a helping hand to those treated with court cases.

Community Support

Faraj Fund	The Faraj fund was set up to alleviate the hardship of inmates held in Penal and Correctional Institutions and their families. The fund's mission is to assist inmates within five categories: Inmates who are unable to pay their civil debts, inmates who are unable to pay the blood money, defendants with outstanding court fees and other judicial expenses, and supporting families who are unable to provide for themselves in the absence of a breadwinner. **During the holy days of Eid Al Adha, DIB allocated 5 million AED to support these causes.**
Year of the 50th	In celebration of the nation's outstanding milestones and achievements, over the past 50 years, **DIB has contributed over 7 million AED to government programs that help in settling the liabilities of local families.** These efforts are aligned with government goals towards responsibility and strengthening family stability.
Khalifa Bin Zayed Al Nahyan Foundation	In partnership with the Khalifa Bin Zayed Al Nahyan Foundation, established in 2007 by H.H Sheikh Khalifa Bin Zayed Al Nahyan, President of the United Arab Emirates, **DIB was able to support eight (8) low-income families with almost 1 million AED**. These families were supported in launching their own businesses and thereby helping establish their financial independence.
Emarat Alyoum newspaper	"Emarat Alyoum" is an Arabic newspaper that focuses on national topics for the Arabic reader. **DIB regularly supports the most sensitive and urgent cases regarding human health, published in the newspaper.**

Liability settlements

DIB has allocated over 4 million AED to initiatives that support low-income individuals who have liabilities in banks, other than at DIB and another 11 million AED on liabilities settlement of Emirati defaulters incorporated with Ministry of Presidential Affairs as part of the National Day Initiative. By acting as facilitators, the monthly commitment for individuals was able to be reduced, decreasing the financial burden.

International Value Creation (102-4)

Overview of DIB's international operations:

Country	Branches	Number of ATMs
Pakistan	235 (including sub-branches)	225
Sudan	>129 branches (in addition to 1 branch in Bahrain and 1 in the UAE) >38 agents	329
Bosnia	36	60
Kenya	5	5
Indonesia	>10 branches >23 Sharia Bank Services at Conventional Bank Branches (Panin Bank) >34 payment points >1 Operational Functional office >53 general Sharia bank services	19

DIB strives to create social value in all countries it is operating in and leverage its global standing to facilitate business opportunities across borders. The fundamentals hereby are to identify partnerships and economic opportunities in countries, with agents or with customers and match demands with supplies. DIB thereby takes a step beyond its regular business operations but puts into practice its strong network to create value for all.

At DIB we are aware of the importance of taking responsibility in protecting the environment and safeguarding the planet for future generations. As of this year, we are managing and disclosing environmental-related data and commit to growing transparency in the future.

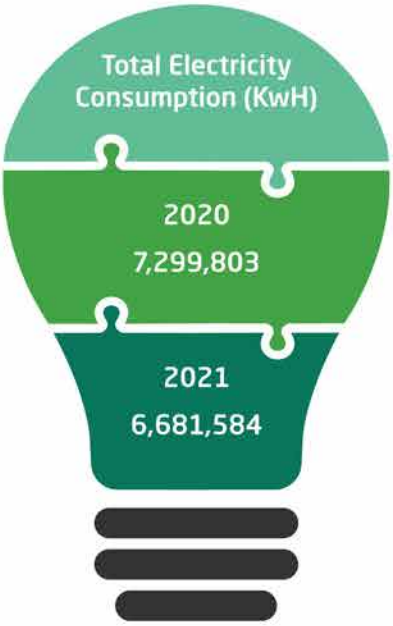
Energy Consumption (103-1), (103-2), (103-3), (302-3)

Direct Fuel Consumption

The values below include the liters of petrol used for vehicles owned and leased by the bank and the diesel used for building generators under the custody of DIB. We saw an increase in petrol consumption after 2020 as commuting to offices became more frequent after imposing strict remote working measures in 2020 due to the Covid-19 pandemic. No diesel was purchased for year 2021 as there was sufficient balance from the previous year.

	2020	2021
Petrol purchased/used for vehicles owned or leased (liters)	88,000	94,000
Diesel purchased/used for building generators (liters)	1,136	No Purchase was made during 2021
Total direct fuel consumption (liters)	89,136	94,000

Electricity Consumption (302-1), (303-4)



Greenhouse Gas (GHG) Emissions (305-1), (305-2), 305-5)

	2020	2021
Scope 1: Direct Emissions from petrol and diesel consumption (tCO2e)	221	232
Scope 2: Indirect Emissions from Electricity Consumption (tCO2e)	3,108	2,845
Scope 3: Indirect Emissions from air travel (tCO2e)	17	20
Total Emissions (tCO2e)	3,346	3,097

It accounts for an annual percentage decrease of 7.5%

- GHG emissions for Scope 1 were calculated using the carbon conversion factors published in the 2006 Intergovernmental Panel on Climate Change (IPCC) Guidelines for National Greenhouse Gas Inventories.
- GHG emissions for Scope 2 are reported following the location-based method, which uses grid average emission factors. Conversion factors relevant to Dubai are derived from the public utility provider (Dubai Electricity & Water Authority) 2020 emission factors.

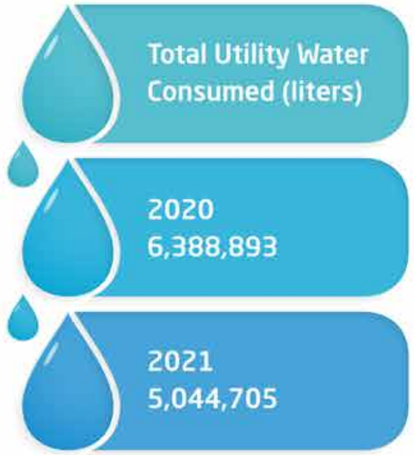
Addressing Indirect (Scope 3) emissions from financing activities

We are aware that our main emissions are generated under GHG emissions scope 3; those indirectly emitted by our operation, especially from our investment and financing activities. As part of our ongoing sustainability journey, we will strive to address and include our scope 3 emissions.

The first step from our side will be the collection of data on scope 1 and 2 emissions by portfolio companies, followed by designing screening processes that identify carbon-intensive operations.

Water Consumption (303-5)

Water is a core natural resource that is not crucial for a healthy ecosystem, socio-economic development, energy, and food production but human survival itself. We acknowledge the ongoing climate crises leading to increased water scarcity and therefore placing a focus on saving water. Through the installation of water saving technologies inside our buildings and by circulating awareness campaigns, we have reduced our water consumption by 27% compared to last year. Given the fact that we implemented strict working from home measures in 2020 due to the outbreak of the global Covid-19 pandemic, the real impact could be even greater.



*above data for total utility water consumed in 2020 and 2021 only accounts for consumption in the DIB headquarters in Dubai

Initiative for water reduction

In order to reduce water consumption, tap aerators i.e. flow regulators were installed in one of our branches in Dubai. The effectiveness of this pilot project will be monitored to eventually install the technology in further branches in the upcoming years.

Material Consumption and Waste Management (306-1), (306-3)

Due to the nature of our business activities, paper, mainly from printing, presents the most significant amount of our waste production. In addition to our digitalization efforts, aiming to eliminate the usage of paper, we recycle the papers that we were not able to eliminate. Since May 2021 all office buildings, including the headquarters, are therefore performing recycling of paper waste. As remote working was reduced and employees returned to the office, the quantity of paper waste increased again after a drop in 2020. Further, as of 2021 we incorporate all three (3) headquarter buildings of DIB in the calculation of paper waste instead of just one premises in the previous year.

Type of Waste	2020	2021
General Waste (kg)	5,655	3,978
Paper (kg)	625	2,313

Raising awareness

Staff education programs and awareness campaigns are regularly circulated through internal fliers and messages.

Name of Initiative	Description
Earth Hour	As part of the Global Earth Hour, employees were actively encouraged to switch lights off and therefore reduce energy consumption.
"Go Green"	Reminders to employees were circulated to raise awareness on paper usage and to reduce printing to a minimum.
Reduced power and water consumption	Employees are constantly reminded to switch off lights, appliances, and air conditions when not in use and after working hours and are mindful about energy consumption.

Focus on sustainability in our buildings

As part of our business strategy, we are currently constructing two new buildings, the Al Maktoum and Al Nahda building. Throughout the planning and construction phase, sustainability aspects were considered as followed:

Sustainable actions in the new Al Maktoum Building

ACTION	IMPACT
Building elevators are made of triple glass panels	Reduced air condition requirements and therefore, reduced power consumption
High efficiency LED installed in all light fittings	Less electricity consumption
Sensor taps for controlled water consumption	Reduced water usage

Sustainable actions in the new Al Nahda Building

ACTION	IMPACT
The car parking is placed above ground, ensuring open natural ventilation and light	Reduced air condition, light and ventilation requirements and therefore reduced power consumption
High efficiency LED installed in all light fittings	Less electricity consumption
Most building elevations are built with insulated blocks	Reduced air condition requirements and therefore reduced power consumption
Sensor taps for controlled water consumption	Reduced water usage

Smart Digital Banking

Our vision is to transform our core through the use of technology to enhance the customer experience, reduce costs, increase revenues and minimize paper consumption. The success of our efforts is already reflected in our numbers: In 2021, 85% of all funds related transactions were executed on digital channels and 75% of all statements were sent via digital channels. Our digitalization journey focused on the following sales and service areas:

Opening a bank account in minutes

We say goodbye to endless paperwork and branch visits. Now anyone who does not have a DIB bank account yet can easily open a new account in minutes via DIB's highly secure Mobile Banking App.

Smart Payments

An easy and secure way to pay with the DIB debit or credit card via Apple or Samsung Pay or using the e-wallet.

E-business

The online business feature allows to manage all aspects of a DIB business account conveniently, securely, and completely online. The platform is designed to simplify services such as paying bills, making installment payments, directing debits, transferring funds, and other administrative works.

Banking on the go

DIB Mobile offers a mobile banking application that enables users to conveniently access banking services and perform necessary banking services from the comfort of their homes. In 2021, the app had almost 300,000 downloads on Android and Apple IOS.

Self-service

Our extensive network of 155 CCDMs and 535 ATMs across the UAE ensures convenience for customers when remitting or making cash and cheque deposits. All machines offer the customer the option of not generating a paper receipt as part of the "go green" initiative.

Launch of the rabbit "FunTech" app

Our ambition to be a Digitally Intelligent Bank, further comes to life with the launch of our fun-filled financial app called rabbit. The core essence of rabbit is to make banking simple, effortless, and fun. With a grand launch on the world's tallest building and iconic Dubai structure, the Burj Khalifa, rabbit comes into play fulfilling the FinTech market's void of a fun experience. We aim to create an exciting financial experience for the connected generation, attracting millennials and all technology-savvys. Along with being fun and user friendly, transparency by being simple and free of financial jargon was prioritized. This aligns with DIB's perseverance to be ethical with our customers while being inclusive of each one.

We aspire to take the idea of rabbit beyond the UAE, to the different markets we are operating in, including Indonesia, Pakistan, and Kenya.

Digitalization journey of the home financing department

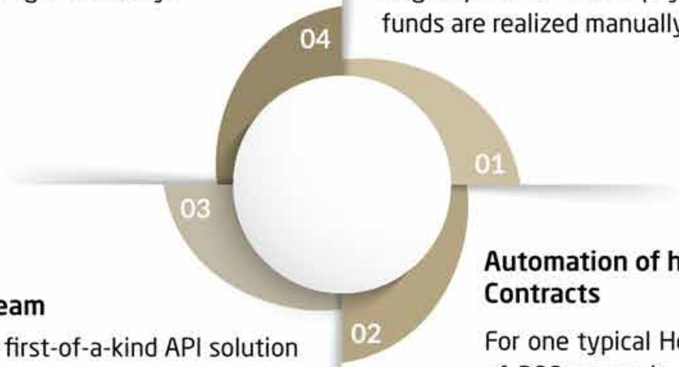
The home financing department heavily invested in its digital transformation to increase customer satisfaction, reduce the use of resources, and make work processes more agile. The efforts are summarized under 4 topics:

Online platforms

FirstStep & Vymo, two (2) online platforms used integral throughout the digital transformation, reduce approval time for customers and make workflows more efficient for advisors as sales forces are no longer manually.

Digital Payment Solutions

In June 2021 the pilot project of the Digital Payments Gateway solution for Home Finance went live. It provides customers with a real-time payment solution right at their fingertips and solves payment delays that occur when funds are realized manually.



Takaful (Insurance) Work-Stream

The Life Takaful application is a first-of-a-kind API solution between DIB's Home Finance and Salama's (a leading UAE based insurance provider) system. It processes e-signed documents by customers, within a few minutes and eliminates the workload of home finance advisors who earlier had to commute to the client, get the mandatory Salama Life Takaful application, and submit the files filled to the Takaful provider. The new work-stream boosts customer convenience, decreases working time from several days to an average of 5 minutes and reduces paper consumption.

Automation of home financing FOL & Contracts

For one typical Home Financing case, an average of 200 pages is printed and an average of 135 signatures is required by the customer. In order to reduce paper usage and boost customer convenience, digital processes for FOL & contracts were introduced. We have achieved to eliminate paper and brought required signatures down to 2 (two) digital signatures. Moreover, we increased time efficiency from 103 hours to less than 5 hours and saved costs from paper and printing purchases.

Participation at the Finnovex Summit

Finnovex is a series of Summits that examines the Future of Financial Services on how disruptive innovations are reshaping the way they are structured, provisioned, and consumed.

At this year's summit, DIB delivered insights as a panelist into the latest with industry trends, innovation, open banking, customer experience, cyber security, affluent banking, and data integration.

FINNOVEX GLOBAL SERIES

SUSTAINABLE FINANCE

As a bank we are aware that our main impact of operations comes from our product and service offers and investments and financing activities. We are therefore committed to holistically integrating ESG topics into our banking activities and thereby showcasing responsibility towards the environment, local communities, the society, and national and international sustainability visions.

At the same time, we are answering to voiced demands by our key stakeholders and strengthening our market relationships across the UAE and internationally.

Arranger of ESG Sukuks

Since 2018, DIB has been actively increasing its involvement in the issuance of ESG Sukuks. These Sharia-compliant bonds secure stable returns while also having a positive impact. DIB took different roles within these projects, including being the bookrunner, manager, arranger, or dealer.

Debt Capital Market and Syndicated Deals

Sovereign Deals

Government of Sharjah
USD 750,000,000
3.200% 10yr Sukuk
JLM & Bookrunner
Jul 2021

Republic of Turkey
USD 2,500,000,000
5.125% Trust Certificates due 2026
JLM & Bookrunner
Jun 2021

Republic of Indonesia
USD 3,000,000,000
USD 1,250mn 1.500% 5yr
USD 1,000mn 2.550% 10yr
USD 750mn 3.550% 30yr
JLM & Bookrunner
Jun 2021

Government of the United Kingdom
GBP 500,000,000
0.333% Long 5yr Sukuk
JLM & Bookrunner
Mar 2021

GRE and Corporate Deals

Emaar Properties
USD 500,000,000
3.700% 10yr Sukuk
JLM & Bookrunner
Jun 2021

Saudi Aramco
USD 6,000,000,000
USD 1,000mn 0.946% 3yr Sukuk
USD 2,000mn 1.602% 5yr Sukuk
USD 3,000mn 2.694% 10yr Sukuk
JLM & Bookrunner
Jun 2021

Financial Institutions Deal

Warba Bank
USD 250,000,000
4.000% Perp NC5 Sukuk
JLM & Bookrunner
Nov 2021

Emirates Islamic Bank
USD 500,000,000
2.082% 5yr Sukuk
JLM & Bookrunner
Oct 2021

Ahli United Bank
USD 600,000,000
2.615% 5yr Sukuk
JLM & Bookrunner
Sep 2021

KuveytTurk
USD 350,000,000
6.125% 10.25yrNC5.25yr sustainability T2 Sukuk
JLM & Bookrunner
Sep 2021

Kuwait Finance House
USD 750,000,000
3.600% Perp NC6 Sukuk
JLM & Bookrunner
Jun 2021

Dubai Islamic Bank
USD 1,000,000,000
1.959% 5yr Sukuk
JLM & Bookrunner
Oct 2021

Dubai Islamic Bank
USD 500,000,000
3.375% Perp NC6 Sukuk
JLM & Bookrunner
Apr 2021

First Abu Dhabi Bank
USD 500,000,000
1.411% 5yr Sukuk
JLM & Bookrunner
Jan 2021

Syndicated Deals and Bloomberg League Tables

Government of Pakistan	USD 420,000,000	Coordinator, MLA & Bookrunner	Dec 2021
Government of Egypt	USD 3,000,000,000	MLA	Nov 2021
Jumeirah Group	USD 1,500,000,000	Islamic Coordinator, MLA & Bookrunner	Nov 2021
Government of Pakistan	USD 505,000,000	Coordinator, MLA & Bookrunner	Oct 2021
Government of Pakistan	USD 215,000,000	Coordinator, MLA & Bookrunner	Dec 2021
Gulf Pharmaceuticals Industries	AED 1,010,000,000	MLA & Bookrunner	Nov 2021
Mazoon Electricity Company	USD 235,000,000	MLA	Nov 2021
ICD Brookfield Place	AED 2,300,000,000	MLA & Bookrunner	Oct 2021

EMEA Islamic Financing MLA - FY2021

Rank	Mandated Lead Arranger	Vol (MM USD)	Deals
1	International Islamic Trade Finance Corp.	4,639	16
2	Dubai Islamic Bank	1,888	10
3	Saudi National Bank	1,366	4
4	Abu Dhabi Islamic Bank	1,154	8
5	Banque Misr UAE	1,111	5

EMEA Islamic Financing BR - FY2021

Rank	Bookrunner	Vol (MM USD)	Deals
1	International Islamic Trade Finance Corp.	4,639	16
2	HSBC	3,385	4
3	Dubai Islamic Bank	1,784	7
4	Emirates NBD	1,685	7
5	First Abu Dhabi Bank	1,317	4

US Dollar International Sukuk - FY2021

Rank	Manager	Vol (MM USD)	Issues
1	HSBC	4,122	28
2	Standard Charter Bank	3,815	26
3	Citi Bank	2,426	16
4	Dubai Islamic Bank	2,278	17
5	JP Morgan	2,095	16

This year two (2) more ESG Sukuks involvements are highlighted:

Republic of Indonesia

USD 3,000,000,000

USD 1,250mn 1.500% 5yr
USD 1,000mn 2.550% 10yr
USD 750mn 3.550% 30yr

JLM & Bookrunner

Jun 2021 بنك دبي الإسلامي Dubai Islamic Bank

Republic of Indonesia

In June 2021 DIB acted as a joint lead manager and bookrunner to support the issuance of the 30-year, triple-tranche green Sukuk with a total value of 3 billion USD. DIB took a pivotal role in the distribution of instruments to Islamic accounts and international investors in Europe and Asia.

KUVEYTTÜRK

Kuveyt Turk Katilim Bankasi

USD 350,000,000

6.125% 10.25NC5.25 Tier 2

JLM & Bookrunner

Sep 2021 بنك دبي الإسلامي Dubai Islamic Bank

Kuveyt Turk Katilim Bankasi

In September 2021, DIB took the role as joint lead manager and bookrunner in the issuance of the Sustainability Sukuk. DIB has played a fundamental role in attracting Islamic demands, resulting in over-subscription and a highly positive perception by investors.

Sustainable Investments

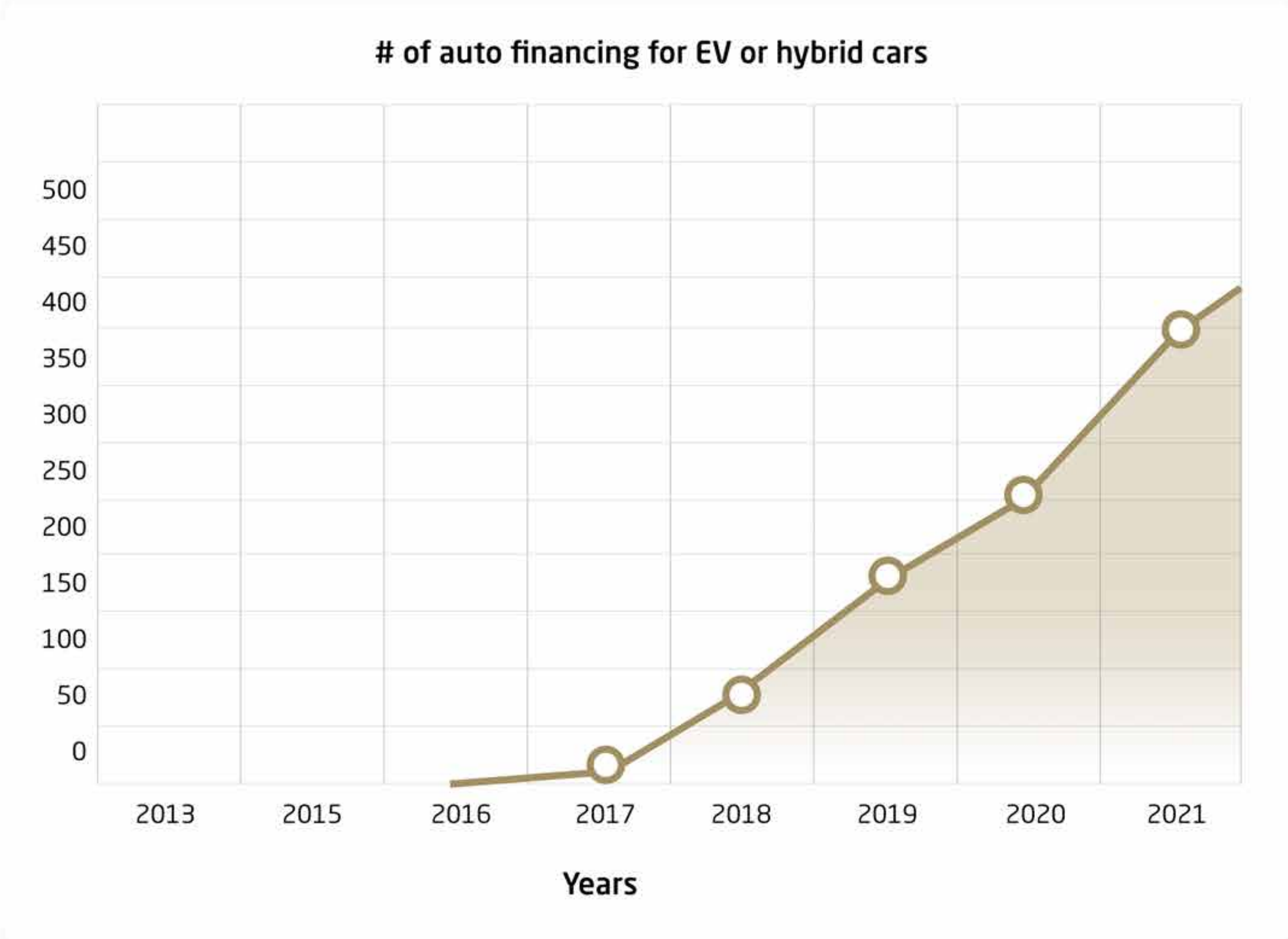
Financer of Bee' ah

As part of our efforts to increase sustainable investments we are a leading financier of Bee'ah, a region's leading sustainability pioneer, operating across industries, to create groundbreaking environmental innovations and provide smart solutions for future-ready cities.

Sustainable Lending

Auto Financing for Electric Vehicles (EVs) and hybrid cars

As part of our efforts to incentivize sustainability, we offer discounted profit rates for personal auto finance if those are utilized for the purchase of electric vehicles (EV) or hybrid cars. Since our first finance was issued in 2013, the number grew steadily and as of this year, we have issued more than 360 finances to EV or hybrid car owners, nearly double of what was accounted for last year.



Sustainable Finance Working Group

With our commitment to contribute to the development of a long-term sustainable financial market, we are a key member of the Dubai Sustainable Finance Working Group. The Group was launched in line with the UN SDGs and Dubai's Strategic Plan 2021 and visions of the Dubai Financial Market (DFM) and the Dubai International Financial Centre (DIFC).

The Group aims to bring together representatives of leading banks, public and private companies, and financial institutions in Dubai, to collectively work together on creating a sustainable financial hub in the region, particularly in the areas of Environment, Social and Governance (ESG) integration, cultivating sustainable companies and green financial instruments, and encouraging responsible investing.

We are proud to be a dedicated part of this fundamental initiative and remain committed to Dubai's sustainable development ambitions, as responsible investing with sustainability in mind is a key driver for the strategic growth of Dubai Islamic Bank.

DFM & DIFC launch the Dubai Sustainable Finance Working Group with 10 leading local and international institutions (July 2019)

Launch of the DSFWG Framework [4 key pillars] at World Green Economy Summit (October 2019)

GRI

CONTENT INDEX SERVICE 2022

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. The service was performed on the English version of the report.

GRI Standards

GRI Standard		Disclosure	Page Number(s), URL reference, or notes.	Reason for Omission
GRI 101: Foundation 2016				
GRI 102: General Disclosures 2016				
Organizational Profile	102-1	Name of the organization	7	
	102-2	Activities, brands, products, and services	7	
	102-3	Location of headquarters	7	
	102-4	Location of operations	7, 37	
	102-5	Ownership and legal form	8	
	102-6	Markets served	7	
	102-7	Scale of the organization	7, 10	
	102-8	Information on employees and other workers	29, 30	
	102-9	Supply chain	12	
	102-10	Significant changes to the organization and its supply chain	7	
	102-11	Precautionary Principle or approach	27	
	102-12	External initiatives	11	
	102-13	Membership of associations	11	

GRI Standard		Disclosure	Page Number(s), URL reference, or notes.	Reason for Omission
Strategy	102-14	Statement from senior decision-maker	5, 6	
	102-15	Key impacts, risks, and opportunities	4, 5, 6, 11	
Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	22	
	102-17	Mechanisms for advice and concerns about ethics	22	
Governance	102-18	Governance structure	22	
	102-19	Delegating authority	22	
	102-20	Executive-level responsibility for economic, environmental, and social topics	20	
	102-21	Consulting stakeholders on economic, environmental, and social topics	12, 16	
	102-22	Composition of the highest governance body and its committees	20	
	102-23	Chair of the highest governance body	20	
	102-25	Conflicts of interest	20	
	102-26	Role of highest governance body in setting purpose, values, and strategy	20	
	102-29	Identifying and managing economic, environmental, and social impacts	20	
	102-30	Effectiveness of risk management processes	20	
	102-31	Review of economic, environmental, and social topics	12, 16	
	102-33	Communicating critical concerns	Refer to the DIB Corporate Governance Report 2021 available in the Integrated Report 2021 found on the DIB Website	
Stakeholder Engagement	102-40	List of stakeholder groups	15	
	102-41	Collective bargaining agreements	Collective bargaining is not permitted by law within the UAE.	
	102-42	Identifying and selecting stakeholders	15	
	102-43	Approach to stakeholder engagement	15	
	102-44	Key topics and concerns raised	15	
Reporting Practices	102-45	Entities included in the consolidated financial statements	3	
	102-46	Defining report content and topic Boundaries	3	
	102-47	List of material topics	16	

GRI Standard		Disclosure	Page Number(s), URL reference, or notes.	Reason for Omission
Reporting Practices	102-48	Restatements of information	Refer to the DIB Annual Report 2021 available in the Integrated Report 2021 found on the DIB Website.	
	102-49	Changes in reporting	Refer to the DIB Annual Report 2021 available in the Integrated Report 2021 found on the DIB Website.	
	102-50	Reporting period	3	
	102-51	Date of most recent report	3	
	102-52	Reporting cycle	3	
	102-53	Contact point for questions regarding the report	3	
	102-54	Claims of reporting in accordance with the GRI Standards	3	
	102-55	GRI content index	50	
	102-56	External assurance	3	
Material Topics				
GRI 200 Economic Standard Series				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	10, 11, 12	
	103-2	The management approach and its components	10, 11	
	103-3	Evaluation of the management approach	10, 11	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	10	
	201-2	Financial implications and other risks and opportunities	27	
	201-4	Financial assistance received from government	Refer to the DIB Annual Report 2021 available in the Integrated Report 2021 found on the DIB Website	
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	15	
	103-2	The management approach and its components	15	
	103-3	Evaluation of the management approach	15	
GRI 202: Market Presence 2016	202-2	Proportion of senior management hired from the local community	29	
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	29	
	103-2	The management approach and its components	29	
	103-3	Evaluation of the management approach	29	

GRI Standard		Disclosure	Page Number(s), URL reference, or notes.	Reason for Omission
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	12	
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	20	
	103-2	The management approach and its components	20	
	103-3	Evaluation of the management approach	20	
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	20	
	205-2	Communication and training about anti-corruption policies and procedures	Refer to the DIB Corporate Governance Report 2021 available in the Integrated Report 2021 Refer to the DIB Annual Report 2021 available in the Integrated Report 2021 found on the DIB Website	
	205-3	Confirmed incidents of corruption and actions taken		
GRI 300 Environmental Standard Series				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	38	
	103-2	The management approach and its components	38	
	103-3	Evaluation of the management approach	38	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	39	
	302-3	Energy intensity	38	
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	38	
	103-2	The management approach and its components	38	
	103-3	Evaluation of the management approach	38	
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	In 2021, no specific mechanism for the interaction with water as a shared resource were in place	
	303-2	Management of water discharge-related impacts	In 2021, no specific mechanism for the management of water discharge-related impacts were in place	
	303-4	Water discharge	39	
	303-5	Water consumption	40	
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	38	
	103-2	The management approach and its components	38	
	103-3	Evaluation of the management approach	38	

GRI Standard		Disclosure	Page Number(s), URL reference, or notes.	Reason for Omission
GRI 300 Environmental Standard Series				
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	39	
	305-2	Energy indirect (Scope 2) GHG emissions	39	
	305-5	Reduction of GHG emissions	39	
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	38	
	103-2	The management approach and its components	38	
	103-3	Evaluation of the management approach	38	
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	40	
	306-2	Management of significant waste-related impacts	In 2021, no specific mechanism for the management of significant waste-related impact were in place	
	306-3	Waste generated	40	
GRI 400 Social Standard Series				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	29	
	103-2	The management approach and its components	29	
	103-3	Evaluation of the management approach	29	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	29, 30	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Refer to the DIB Annual Report 2021 available in the Integrated Report 2021 found on the DIB Website	
	401-3	Parental leave	32	
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	30	
	103-2	The management approach and its components	30	
	103-3	Evaluation of the management approach	30	

GRI Standard		Disclosure	Page Number(s), URL reference, or notes.	Reason for Omission
GRI 400 Social Standard Series				
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Refer to the DIB Annual Report 2021 available in the Integrated Report 2021 found on the DIB Website	
	403-2	Hazard identification, risk assessment, and incident investigation		
	403-3	Occupational health services		
	403-4	Worker participation, consultation, and communication on occupational health and safety		
	403-5	Worker training on occupational health and safety		
	403-6	Promotion of worker health		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
	403-8	Workers covered by an occupational health and safety management system	100%	
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	29	
	103-2	The management approach and its components	29	
	103-3	Evaluation of the management approach	29	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	29	
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	29	
	103-2	The management approach and its components	29	
	103-3	Evaluation of the management approach	29	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	30, 29	
	405-2	Ratio of basic salary and remuneration of women to men	30	
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	In 2021, no incidents of discrimination were reported	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Based on our supplier assessment, none of our suppliers are identified to be at risk of child labor	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor		

GRI Standard		Disclosure	Page Number(s), URL reference, or notes.	Reason for Omission
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Based on our supplier assessment, none of our suppliers are identified to be at risk of forced or compulsory labor	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	33	
	103-2	The management approach and its components	33	
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	33	
	413-2	Operations with significant actual and potential negative impact on local communities	33	
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	12	
	103-2	The management approach and its components	The information on Supplier Social Assessment is handled by the legal department and is considered confidential i.e. the information cannot be publicly disclosed.	Confidentiality Constraints - The information on Supplier Social Assessment is handled by the legal department and is considered confidential i.e. the information cannot be publicly disclosed. The Bank is currently revising it and considering reporting on this disclosure for next year
	103-3	Evaluation of the management approach		
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	16	
	103-2	The management approach and its components	This information is handled by the legal department and is considered confidential i.e. the information cannot be publicly disclosed.	Confidentiality constraints - The information on Supplier Social Assessment is handled by the legal department and is considered confidential i.e. the information cannot be publicly disclosed. The Bank is currently revising it and considering reporting on this disclosure for next year
	103-3	Evaluation of the management approach		
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling		
	417-2	Incidents of non-compliance concerning product and service information and labeling		
	417-3	Incidents of non-compliance concerning marketing communications		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Refer to the DIB Corporate Governance Report 2021 available in the Integrated Report 2021 found on the DIB Website	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	23	

بنك دبي الإسلامي
Dubai Islamic Bank

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