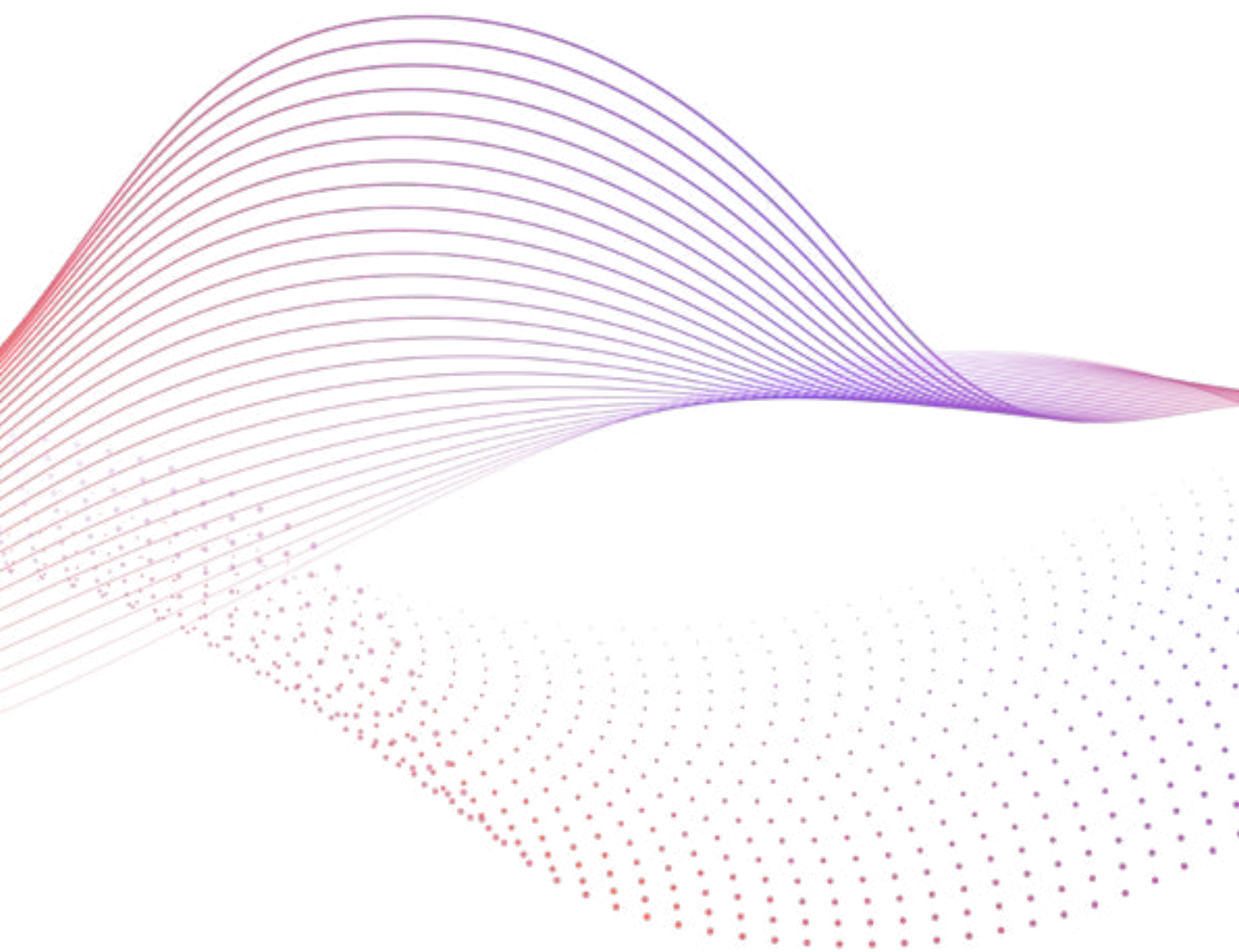


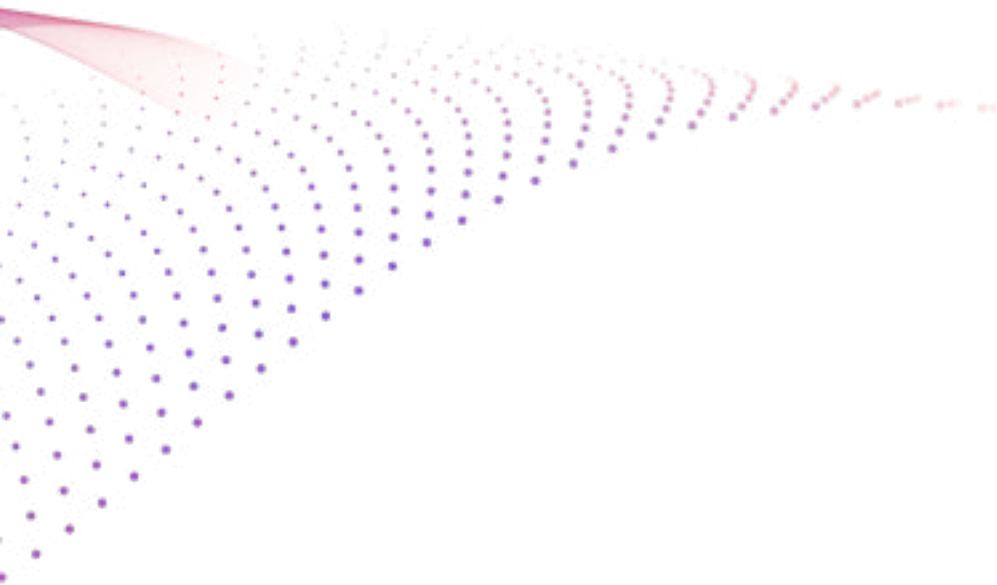
Innovation with Integrity

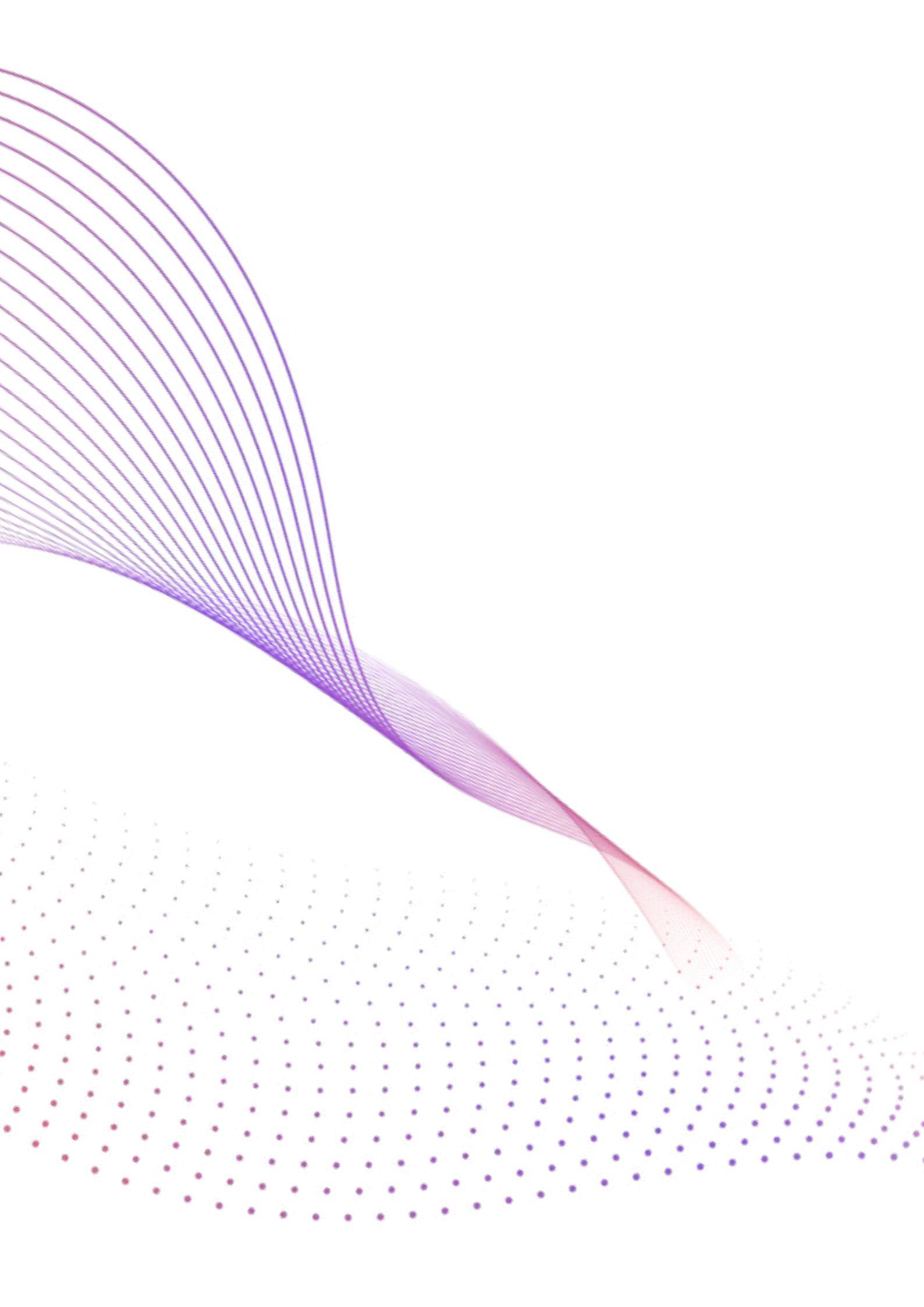
Strategic Report and ESG Summary 2023





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







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



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



**H.H. Sheikh Hamdan Bin Mohammed
Bin Rashid Al Maktoum**
Crown Prince of Dubai



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

Introduction

Creating Opportunities to Prosper

We are proud to be the Islamic bank of choice in the UAE, offering innovative products and services to suit all lifestyle needs.



Contents

Strategic Report 2-37

4	Chairman's Message
6	Chief Executive Officer's Message
8	At a Glance
12	Business Model
14	Deputy Chief Executive Officer's Message
18	Market Overview
20	Chief Financial Officer's Message
22	Review of Performance
	– Retail Banking and Wealth Management
	– Corporate and Institutional Banking
	– Treasury and Markets
30	Risk Management
36	List of Branches and ATMs

ESG Summary 38-43

40	Group Head of ESG and Chief Sustainability Officer's Message
41	Approach to Sustainability
42	ESG Stakeholder Engagement and Assessing Material Topics
43	Highlights of the Year



To view our full Annual Report, please visit our [website](#).



Strategic Report





Emirates Islamic delivered the most impressive financial performance in our history during 2023, paving the way for even greater achievements in the future.

Our investments in new technology and strategic partnerships have already played a major role in our success, as we acquire numerous large corporate clients and individual customers. Our commitment to environmental causes is more intense than ever before and we will continue to be a leader in sustainability in the regional banking industry.

Our strategic progress and achievements during 2023 not only reinforced our strength and resilience in the face of a slower global economy, but also demonstrated our ambition and capabilities to deliver robust results and make considerable headway in all areas of our operations. We are proud to announce a remarkable financial performance by Emirates Islamic Bank P.J.S.C. ("Emirates Islamic", "EI" or "the Bank") in 2023, recording the Bank's highest ever net profit of AED 2.1 billion (71% growth), total income growth of 50%, and customer deposits growth of 9%.

Our deep expertise and awareness of the demand for Islamic banking provided the opportunity to tailor existing products and introduce new services, making Shariah-compliant banking more beneficial for institutional clients and more

accessible for individual customers. We are also proud of our partnerships with Mohammed Bin Rashid Housing Establishment and Sharjah Housing Programme to offer Shariah-compliant home finance – enabling more UAE Nationals to access finance to buy or build their own homes.

As an Islamic bank, we strive to contribute towards the overall society and promote equitable creation of wealth for a prosperous economy. We contributed AED 50.5 million to a range of charitable initiatives in 2023 through the Emirates Islamic Charity Fund. Based on core Shariah principles, the Emirates Islamic Charity Fund provides financial aid to those in need, with a focus on food, shelter, health, education and social welfare contributions. A key focus for Emirates Islamic in 2023 was our commitment to the environment and the responsibility the banking industry has to the planet. In 2023, the UAE marked the "Year of Sustainability" and hosted the most significant global climate conference and gatherings of the year. Underscoring our dedication to the cause, Emirates NBD Group, including Emirates Islamic, DenizBank and Liv, supported COP28, the 28th edition of the United Nations Climate Change Conference, as the Principal Banking Partner.

We recognise that restraining and reversing climate change is one of the greatest and most urgent challenges the world is currently facing, and it is only with collective action that we will be able to transition to a net zero future. The banking and financial services sector plays a crucial role in supporting the return to climate neutrality across client sectors and, as a leading local bank, we have a duty to contribute to such a critical global objective.

As part of our efforts to achieve net zero goals, Emirates NBD Group recently signed the UAE Climate-Responsible Companies Pledge initiated by the UAE Ministry of Climate Change and Environment, which aligns with our commitment to supporting the nation's decarbonisation efforts.

The Group continues to forge meaningful sustainability and innovation-focused collaborations with other private sector companies and government entities in our effort to mitigate climate change. The Emirates NBD Group's sustainable finance framework is aligned to the Climate Transition Finance Handbook principles and to the UN Sustainable Development Goals.

As we embark on the next phase of our sustainability journey, we will continue to bolster our position as an innovative and responsible financial services provider with the aim of integrating Environment, Social and Governance ("ESG") best practices into all aspects of our business.

Accelerating Achievements by Reinforcing Our Strengths

We are enormously proud of our financial achievements in 2023, a year where Emirates Islamic has emphatically confirmed its status as one of the UAE's leading Shariah-compliant banks. Our experience, expertise and commitment to organisation-wide innovation has encouraged numerous influential clients to join our ranks and persuaded personal account holders to turn to us for all their banking needs.

We also take enormous pride in our stance on the environment and our efforts to change the mindset of the industry towards a more conscientious and considered view of sustainability. We look forward to even more positive action in the future.

None of these momentous milestones and achievements would have been possible without the wisdom and leadership of Dubai and the UAE, as well as the support of our Group and trust of our partners, employees, customers and shareholders. On behalf of the Board, I would like to take this opportunity to acknowledge your valued contributions to Emirates Islamic's success in 2023.

Mr. Hesham Abdulla Al Qassim
Chairman

“

We are enormously proud of our financial achievements in 2023, a year where Emirates Islamic has emphatically confirmed its status as one of the UAE's leading Shariah-compliant banks.”

Mr. Hesham Abdulla Al Qassim
Chairman

Chief Executive Officer's Message



“
Emirates Islamic strives to contribute towards society by promoting fair and equal creation of wealth and a prosperous economy.”

Mr. Farid Al Mulla
Chief Executive Officer

As the flagship Islamic banking arm of the Emirates NBD Group and third largest Islamic Bank in the UAE, Emirates Islamic exceeded all expectations in 2023, including our highest ever profit.

In 2023 customer financing increased by 11% and customer deposits by 9% contributing to higher income, which with a prudent cost of risk, resulted in our superior performance for the year. We also continued to lead the market with Shariah product innovation, including issuing the first Dirham-denominated Sukuk worth AED 1 billion.

In a year of unprecedented success, Emirates Islamic delivered on its key goals, with an increasing focus on technology, new services, and sustainability. As a leading national bank, we remain wholly committed to our agenda of becoming the Islamic bank of choice for Emiratis, offering innovative new products and services to suit their lifestyle.

History in the Making

In 2023, our Treasury and Markets (“TRY”) division celebrated a first in the UAE’s banking history, reinforcing our commitment to deepening and promoting liquidity in the local currency Sukuk market, by issuing an AED 1 billion public Sukuk. This unique three-year offering was oversubscribed 2.5 times, highlighting the strength of the Dirham Sukuk market, and emphasising confidence in the local currency market from global Shariah-compliant investors.

The Corporate and Institutional Banking (“C&IB”) division focused heavily on new business acquisition, broadening its product portfolio and banking technology whilst maximizing straight-through processing (“STP”) journeys and simplifying the customer banking experience. The division also attracted major new investments, strategic alliances, and memorandum of understandings, including agreements with Emirates Development Bank and a partnership with Kamelpay, providing digital wages protection solutions for low-salaried employees.

Building Digital Strength

In line with our ongoing digital transformation journey, we consistently made strategic investments in technological solutions that enhance our front-end and back-end banking operations.

As banking becomes increasingly mobile based, we enhanced our digital channels to provide a broader scope of services, including the launch of our mobile banking app EI + and WhatsApp Chat Banking. We also embarked on several partnerships and collaborations to enable enhancements in offering unique Shariah-compliant solutions.

Committed to Financial and Environmental Sustainability

As a stalwart of environmental protection, Emirates Islamic commits not only to national and regional development ambitions but also international targets, such as the United Nations Sustainable Development Goals and reducing our environmental impact in line with the UAE Net Zero 2050 strategy.

We are fully aligned with the Group’s commitment to responsible stewardship throughout our financing operations illustrated in our collaboration with the Group to publish its first Sustainable Finance Framework, and our participation at the COP28 United Nations Climate Change Conference as the Islamic Banking brand of the Emirates NBD Group.

Furthermore, we continued to offer a wide range of responsible financing by incentivising business growth across several key sectors.

Supporting the UAE’s People and Communities

As a Shariah-compliant bank, Emirates Islamic strives to contribute towards society by promoting fair and equal creation of wealth and a prosperous economy.

We are also deeply committed to developing Emirati talent across our Bank. In 2023, we undertook a number of initiatives to increase Emirati participation in critical roles within the organisation, supporting the Central Bank of the UAE’s Emiratisation policy. The Bank has one of the highest Emiratisation levels in the UAE banking sector, with 36% of the total number of employees.

An Innovative Business with a Clear Purpose

In addition, we saw an increase in women in leadership positions to 25% and signed the UAE Gender Balance Pledge to accelerate gender balance in the UAE private sector.

As we continued to emphasise the need for employee progression, we maintained our momentum in learning and development initiatives for our UAE National talent employees through multiple programmes.

Positioned for Continued Progress

As we look to 2024 and beyond, Emirates Islamic is well poised to seize opportunities in the economic, environmental, and digital landscape that surround our industry. We will deliver on our strategic priorities of business performance, particularly across our consumer, small and medium-sized enterprise ("SME"), and corporate banking segments and drive the innovation which will benefit our customers and clients in every aspect of their banking needs. In embracing the Group's digital-first approach, we aim to maintain our leadership role within the UAE Shariah-compliant banking space.

Emirates Islamic enjoyed outstanding strategic success in 2023 and as we look back on an exceptional year, I would like to thank our Board of Directors for their guidance, our valued employees for their dedication and our customers for their continued trust in Emirates Islamic. We will build on this strong foundation to create even more value for all our stakeholders in the years to come.

Mr. Farid Al Mulla
Chief Executive Officer

Investment Case

Emirates Islamic ("EI") is the flagship Islamic banking arm of the Emirates NBD Group and third largest Islamic bank in the UAE by asset size as of year-end 2023. Our stable low-cost funding base, growing brand recognition and investment in innovation and technology continue to drive healthy returns.

We strive to be the leading provider of high standard Shariah-compliant innovative financial products and services and are well poised to seize the opportunities in the economic, environmental, and digital landscape that surrounds the industry, with a growth trajectory, both within the UAE and beyond.

A Leader in Shariah-Compliant Banking Solutions in the UAE

- First bank in the UAE to issue a Dirham-denominated Sukuk worth AED 1 billion.
- Partnered with government housing programs to offer Shariah-complaint home finance.
- Launch of the Emirati Absher Business Account and enhanced our flagship Kunooz Savings Account.

Robust Financial Strength Driving Performance

- Steady performance based on higher income and a prudent cost of risk.
- Strong capital and liquidity combined with a healthy deposit mix.
- Stable current accounts and savings accounts ("CASA") balances driving a low cost of funding to support balance sheet growth.
- Strong coverage ratio.

Investing in Innovation and Technology to Drive Digitisation

- Enhanced digital banking our mobile banking app EI+, WhatsApp Chat Banking and businessONLINE.
- Accelerating digitisation through partnerships and collaborations.
- Approximately 81 journeys optimised by STP, delivering cost efficiencies.
- Digitisation efforts and investment driven jointly with Emirates NBD Group.

Socially Responsible Towards our Customers, Communities, and Staff

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

About Emirates Islamic

Emirates Islamic was established in 2004 to deliver the highest standards of Shariah-compliant banking, offering a broad range of products and services designed for individuals and small businesses as well as large corporations through its distribution network across the UAE.

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



1,720

Team Size



40

Branches

Awards and Recognition



The Banker Islamic Banking Awards

Most Innovative Sukuk



Euromoney Islamic Finance Awards 2023

Best Islamic Real Estate Deal



World Finance Islamic Finance Awards 2023

Best Islamic Bank in the UAE
Best Retail Bank in the UAE
Best SME Bank in the UAE
Best Cash Management Bank
Best Treasury Management Bank



Islamic Finance News Awards

Best Retail Bank in the UAE
Most Innovative Bank in the UAE
Best Digital Offering



International Finance Magazine Awards

Most Innovative Islamic Bank – 2023
Best Islamic SME Bank – 2023





Business Segments

Retail Banking and Wealth Management

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

Offering:

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

Corporate and Institutional Banking

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

Offering:

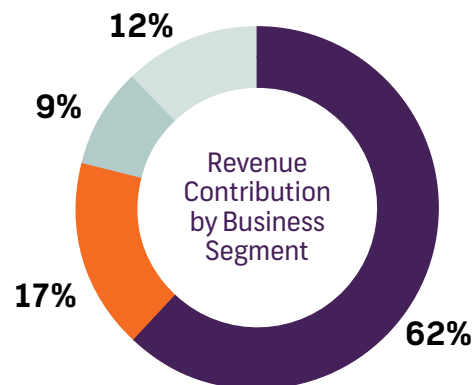
- Term Financing
- Working Capital Financing
- Trade Financing
- Project Financing
- Syndicated and Club Financing
- Structured Financing
- Cash Management Solutions
- Digital Offerings

Treasury and Markets

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

Offering:

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



- Retail Banking and Wealth Management
- Corporate and Institutional Banking
- Treasury and Markets
- Other segments

Purpose Framework



Our Vision

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



Our Purpose

To create opportunities to prosper



Our Values

Collaboration
Ownership
Drive
Enterprising



Strategy



Accelerate Growth Momentum by Unlocking Opportunities

See page 15



Activate Digital Strategy as a Value Proposition and Efficiency Tool

See page 15



Capture Value From Advance Analytics Across Business and Support

See page 16



Build a High-Performance Organisation and Position Emirates Islamic as the Employer of Choice

See page 16



Leverage the Group's Strength and Reap the Benefits of Collaboration

See page 17

Key Highlights and Metrics

Financial

Net Profit
AED 2.1bn
+71%

Cost to Income
Ratio
37.2%

Total Assets
AED 87.8bn
+17.5%

Customer
Deposits
AED 61.3bn
+9%

CASA % of
Total Deposits
75.8%

First AED
Sukuk by a
UAE Financial
Institution

Non-Financial

STP
≈81
Journeys
Optimised

Digital
Coverage
Account
Opening: **+90%**
Credit Card:
+80%

EI +
App Users
+300,000

Emiratization
Rate
36%

Women in
Leadership
25%

Charitable
Contributions
AED 50.5m



Our Business Model

Who We Are



Purpose

Create opportunities to prosper



Organisational Structure

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

[See page 24 – 29 for details](#)

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

How We Create Value

Capital

Money obtained from retained EI profits and ENBD Group shareholding.

The Emirates Islamic Difference: Maintaining healthy capital ratios.

Core Tier 1 (“CET 1”) %, 2023 vs 17.9% in 2022

18.9%

Funding

Funds received from financiers and customer deposits.

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

Net Profit Margin, 2023 vs 3.4% in 2022

4.7%

Assets

Creating a strong asset base with robust risk management practices.

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

Total Assets, 2023 vs AED 74.8bn in 2022

AED 87.8bn

Return on Equity (“ROE”)

Measuring our profitability in relation to our equity.

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

ROE, 2023 vs 13.9% in 2022

20.5%

Profits

Earnings after accounting for all expenses including provisions.

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

Net profit, 2023 vs AED 1.2bn in 2022

AED 2.1bn

Income

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

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

Total revenue, 2023 vs AED 3.2bn in 2022

AED 4.8bn

Stakeholder Value Created in 2023

Customers

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

Total Active Clients

≈800,000

Customer Satisfaction Score

82%



Communities

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

Charitable Contributions

AED 50.5 million

Government

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

Government Housing Programmes Partnerships

Driving SME Development and Diversification



Employees

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

Women in Leadership

25%

Emiratisation Ratio

36%

Investors

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

ROE

20.5%



A Strategy for Sustainable Growth

Emirates Islamic's vision is to become the leading provider of high standard Shariah-compliant innovative financial products, offering quality and superior value for our customers, shareholders, employees and community.



Our steady growth momentum and remarkable financial performance in 2023 positions us to capitalise on key opportunities across the UAE and the region in the years ahead, driving continued growth and capturing increased market share across key categories, products and services.

Looking forward, Emirates Islamic is poised to seize opportunities in the economic, environmental and digital landscape, building on our strong momentum and growth trajectory, both within the UAE and beyond.



We will achieve this by delivering on our strategy and progressing our strategic priorities by continuing to achieve strong core business line performance, especially across our consumer, SME, and corporate banking segments; creating increasing value for our customers through differentiated products and services, whilst capitalising on our reputation for Shariah product innovation; and embracing the Group's digital-first approach to drive product and service innovation, and internal operational efficiencies.

To achieve our vision and maintain our growth momentum, we are focused on the execution of our Strategy 2023–2025, which consists of the following five strategic pillars, which are fully integrated with our ESG commitments and ambitions.

Mr. Mohammad Kamran Wajid
Deputy Chief Executive Officer

“

Emirates Islamic is poised to seize opportunities in the economic, environmental and digital landscape.”

Our Five Strategic Pillars



Accelerate Growth Momentum by Unlocking Opportunities

to promote a one-bank approach focused on increasing integrated customer acquisition and brand awareness

Growing market share remains a key focus across all our business segments, as we endeavour to increase the customer share of wallet for existing clients and attract new-to-bank customers.

In Corporate and Institutional Banking the Mid-Market Segment growth has been steady, and remains a key segment focus, whilst the Financial Institutions business also expanded over 2023, with penetration into new geographies expected into 2024.

In Retail Banking and Wealth Management, the Employee Banking Proposition has been revamped to acquire retail customers, with more enhancements to be made allowing strengthened acquisition. Retail sales coverage is also expected to continue growing steadily across both physical and digital channels.

In Treasury and Markets, new revenue streams have been created through new Islamic derivative and enhanced product suites for customers. The focus on diversification of funding and income sources is set to continue, with enhanced sales focus through portfolio mining and increased customer touch points.



Activate Digital Strategy as a Value Proposition and Efficiency Tool

to minimise customer touchpoints through automation and seamless digital banking solutions, enhancing customer experience

In 2023, we continued to strengthen our digital offerings, allowing customers easy access to a range of banking transactions, backed by the latest technology and innovations. We launched the new mobile banking app, EI+. This also incorporated our new and innovative Digital Wealth Management Platform, allowing customers to now open investment accounts, trade local and international equities, and connect with their relationship manager – all directly through the app. Our businessONLINE Platform also was launched as an integrated digital platform, delivering a consistent banking experience to businesses of all scales and sizes.

Other successful digital initiatives included: enhanced use of our Electronic Trading Platform, offering clients and relationship managers an integrated and enhanced FX digital experience; the revamp of our WhatsApp Chat Banking, introducing an array of transactional features; and an integrated ATM, CDM and ITM network with new and improved state-of-the-art features.

We will continue to enhance and deliver innovative digital solutions for our customers, which complement our branch network around the country, as we drive our digital agenda and unlock the manifold benefits of digitisation.

Our Five Strategic Pillars continued



Capture Value From Advanced Analytics Across Business and Support

to unlock hidden opportunities and create new avenues for growth

Advanced analytics and lifecycle management remain key in building new use cases, with three use cases identified in 2023 across our segments, thus allowing us to explore and expose potential untapped revenue streams,

whilst strengthening our ongoing cross-selling opportunities. We will continue to enhance cross-selling opportunities by use of analytics to support accelerating growth momentum.



Build a High-Performance Organisation and Position Emirates Islamic as the Employer of Choice

through investment in development of our people and culture

We have taken significant steps in creating a high-performance organisation to position Emirates Islamic as an employer of choice, while strengthening our organisational culture and promoting agility and empowerment, as well as diversity and inclusion, across the organisation.

Continued progress in building a high-performance organisation remains a key focus to us, with initiatives to achieve that ambition falling into four key themes:

Engagement – ensuring alignment with the Group's priorities and sustaining engagement using a top-down approach; **Culture** – continuing to infuse our values, CODE, and invest in the employer value proposition, and diversity and inclusion agenda; **Emiratisation** – ensuring that as we reach the Central Bank of the UAE's strategic aspiration points, used as guidance for our operational and recruitment goals; and **Talent** – revamping our recruitment strategy while upgrading existing talent and investing in developing successors for key roles.



Leverage the ENBD Group's Strength and Reap the Benefits of Collaboration

through capabilities and geographical presence

Our active collaboration with the Group continues to unlock synergies in key opportunity areas, by retaining and upskilling talent, accelerating digital delivery and enhancing operational efficiency.

Significant progress and continued focus include alignment of the business operating models between Emirates Islamic and the Group to create efficiencies and optimise the use of resources. This includes sharing knowledge and

skills, the collaboration of our support functions, and improved joint planning and development among units, including Compliance, Legal, Credit and Risk.

Our focus also includes a joint digital agenda being re-enforced by leveraging Group-wide investments to position Emirates Islamic as a key player in the Islamic Banking digital market.

Market Overview

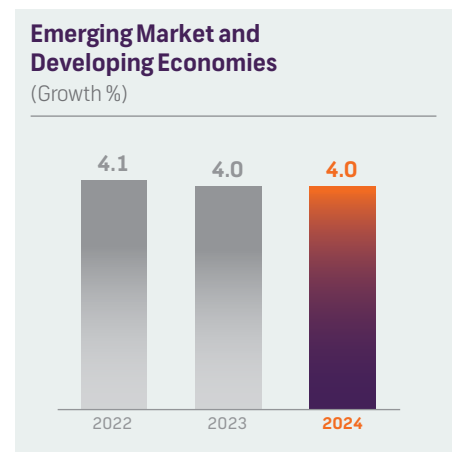
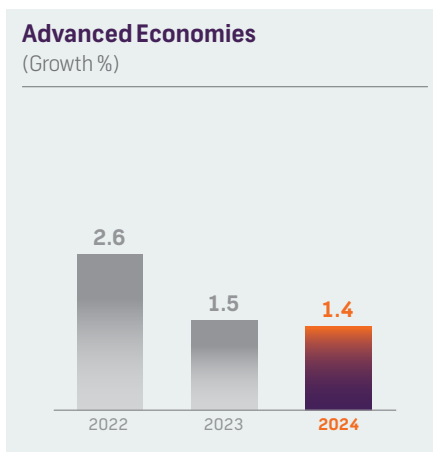
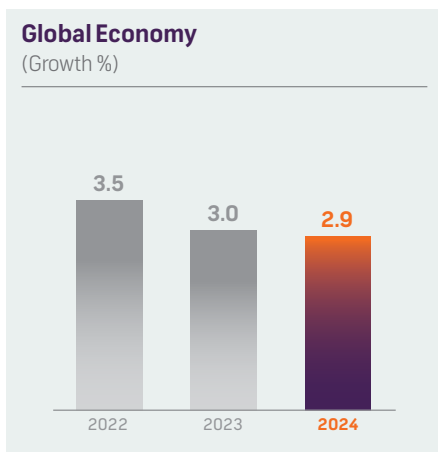
The UAE economy and its banking sector demonstrated strength and resilience in 2023, delivering robust growth despite a challenging global economic backdrop.

Global Economic Slowdown and Sustained High Inflation

Global economic growth slowed in 2023 as high inflation and tightening monetary policy weighed on economic activity. Advanced economies have borne the brunt of the slowdown, with the exception of the US, which has proven to be remarkably resilient in the face of significantly higher interest rates.

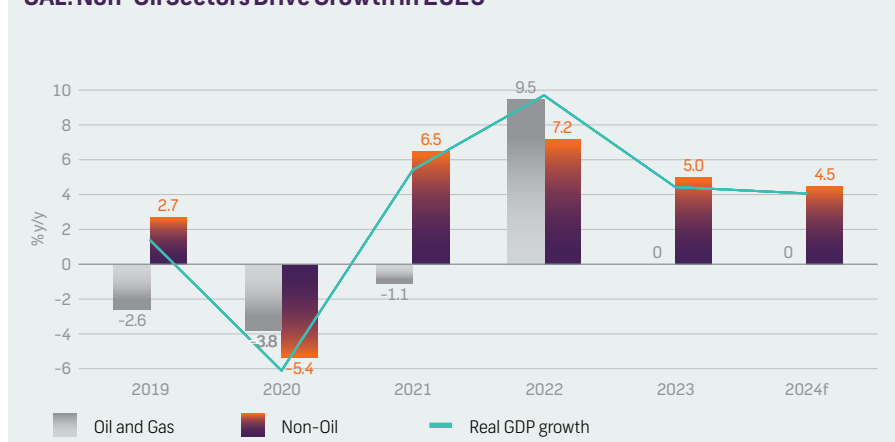
Emerging markets have fared relatively well in terms of growth, but debt sustainability is increasingly in focus as higher profit rates and a strong USD make it more difficult for countries with high levels of debt to meet their payment obligations.

Inflation has slowed in 2023, largely due to declining energy and food prices, but also as tighter monetary policy has started to impact demand. Major central banks are likely at the top of their profit rate cycles, but with inflation still well above target in most developed economies, policy makers are pushing back against market expectations for rate cuts as early as Q2 2024.



Source: IMF World Economic Outlook, October 2023

UAE: Non-Oil Sectors Drive Growth in 2023



Source: Haver Analytics, Emirates NDB Research

UAE Strong Growth and Continued Diversification

The UAE is on track to deliver strong growth, with the non-oil sectors expected to grow by 5% in 2023. Demand has held up well despite higher interest/profit rates and a weaker global backdrop. Data on school enrolments and mobile phone subscriptions point to population growth in the UAE this year, which along with increased government spending, has likely contributed to overall demand growth.

Travel and tourism have been key drivers of economic activity in the UAE in 2023 and Dubai in particular. Even as global merchandise trade volumes have softened, international travel has continued to rebound post-pandemic, boosting passenger numbers through Dubai's airports and contributing to growth in the retail and hospitality sectors.

OPEC+ production cuts have limited crude oil output and weighed on headline GDP growth in the UAE in 2023. Nevertheless, Emirates NDB estimates headline GDP growth of around 3.6% in 2023.

Inflation moderated in 2023 on lower energy prices and slowing services inflation. However, population growth has helped to push up the cost of housing and household durables, and Emirates NDB expects inflation to average 3.5% in 2023.

Uncertainty around the outlook for 2024 remains high, with global growth uneven and as geopolitical risks abound. Nevertheless, the UAE's strong fiscal position and progress on structural reform should continue to underpin investment and growth in 2024 and beyond.

The UAE is Positioned to Remain a Key Islamic Finance Hub

The UAE's Islamic financial industry remains well established consisting of six local Islamic banks, two foreign Islamic banks, fifteen conventional banks with Islamic banking windows, nine Islamic finance companies, and twelve Islamic insurance (Takaful) companies.

With favourable economic conditions, the UAE is positioned to remain a key Islamic finance hub as Islamic financing growth is expected to continue growing steadily due to a growing demand for Islamic finance products within the UAE, the GCC region and globally.

The global Islamic finance industry is expected to continue expanding into 2024, amidst a forecasted global economic slowdown, with asset growth expected at 10% for 2023 (2022: 9.4%, 2021: 12.2%). Growth over 2023 into 2024 primarily due to favourable conditions in select core markets and promoted by Sukuk issuances expected to exceed maturities, in particular with an increase in sustainability-linked Sukuk issuances.

A Remarkable Financial Year

It was a remarkable financial year for Emirates Islamic, delivering our highest ever profit of AED 2.1 billion – an increase of 71% over 2022 – and a record income of AED 4.8 billion, a rise of 50%. We have achieved growth across all business units.

Financial Highlights

Net Profit AED

2.1bn

Capital Adequacy Ratio

20.1%

Coverage Ratio

131.7%



We have delivered an enhanced performance across our operations, maintaining a solid and expanding asset base, with a total balance sheet of AED 87.8 billion.

We recorded our highest ever net profit of AED 2.1 billion in 2023, with a significant increase of 71% from 2022, while our net profit margin was 4.7%.

Our total income grew by 50% to AED 4.8 billion and expenses increased by 15% to AED 1.8 billion.

Compared to 2022, we reported a 82% increase in operating profit.

% Change Over 2022

Net Profit AED 2.1 billion

71%

Net Profit Margin 4.7%

1.3%

Total Income AED 4.8 billion

50%

Expenses AED 1.8 billion

15%

Operating Profit AED 3.0 billion

82%

Customer financing for 2023 was AED 53.7 billion growing at 11% from 2022.

We recorded our highest growth in finance receivables and deposits since 2016. This strong performance is based on higher income and prudent cost of risk, reflecting an improved business sentiment as well as dynamic and robust strategic and control frameworks.

Strong capital and liquidity combined with a healthy deposit mix enabled us to support our diversified client base.

Our customer deposits for 2023 were AED 61.3 billion, an increase of 9% from 2022, and we boast of one of the largest CASA balances at 75.8% of total deposits, enjoying low cost of funding to support our balance sheet growth.

Our Common Equity Tier 1 ("CET 1") ratio and Capital Adequacy ratio were 18.9% and 20.1% respectively for the year. Emirates Islamic's gross financing growth has improved in 2023, and we boast a greater productivity and return on assets.

Fitch Ratings has affirmed our Long-Term Issuer Default Rating of "A+" with a Stable Outlook, Short-Term IDR ("ST IDR") of "F1", with an upgrade of Viability Rating to "bb+".

With the most impressive results in our history, we continue to invest in extending our financial and geographic footprint, which, combined with our technology outlay, is reflected in the rise in expenditure in 2023.

Total Assets

AED 87.8bn

Customer Financing

AED 53.7bn

Customer Deposits

AED 61.3bn

CASA Balances

75.8% of Deposits

Non-Performing Financing Ratio

6.3%

Capital: Tier 1 Ratio

18.9%

As we maintain our position as a leading Islamic financial institution in Dubai, we understand the vital investment needed in innovation and the benefits that it yields for our customers who are at the heart of everything we do, and providing the most convenient and secure banking services are crucial to retaining existing clients and acquiring new business.

As we aspire for more record-breaking financial performance, we will continue our expansion and innovation strategies and introduce a wider scope of services to every segment of our business. In addition, we will offer an even more attractive proposition to encourage acquisition and provide more convenient channels for new-to-bank customers.

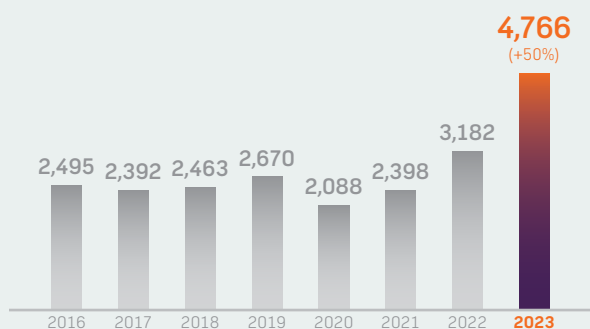
Ms. Huda Sabil Abdulla
Chief Financial Officer

Review of Performance

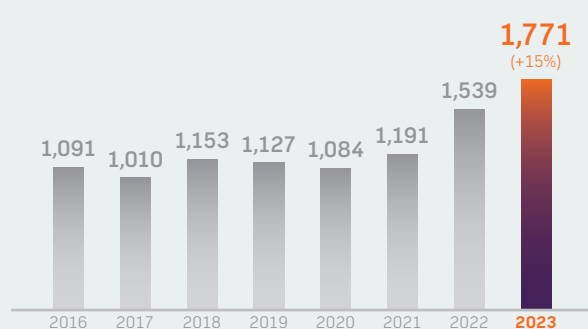
Financial Overview

Revenues and Costs

Revenues (AED million)

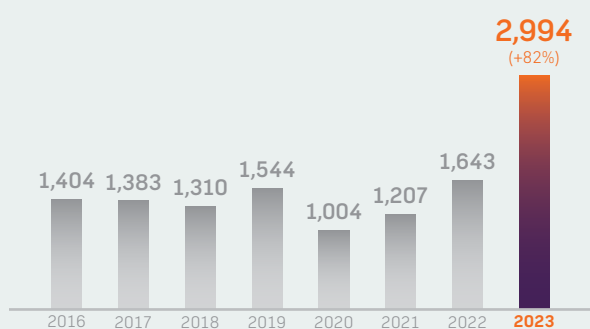


Costs (AED million)

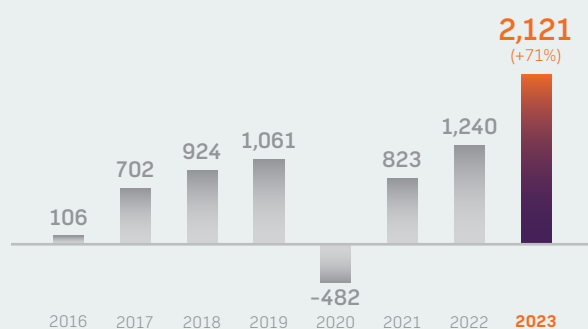


Profits

Pre-Provision Operating Profits (AED million)

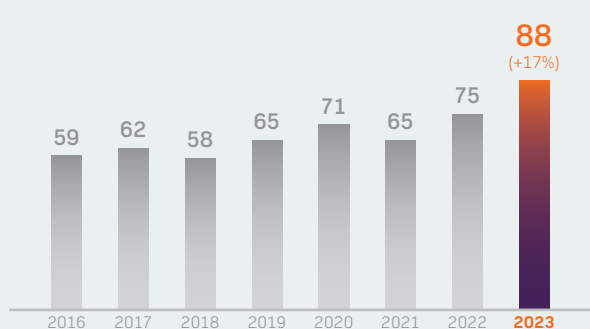


Net Profits (AED million)

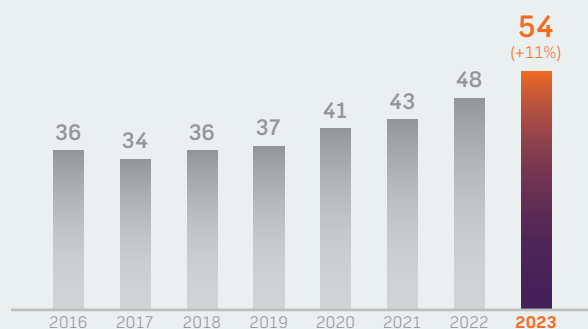


Assets and Financing

Assets (AED billion)

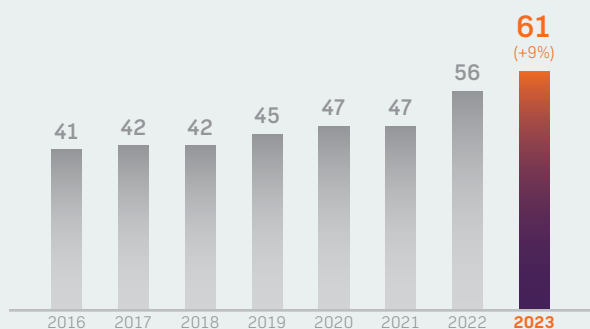


Financing Receivables Net (AED billion)

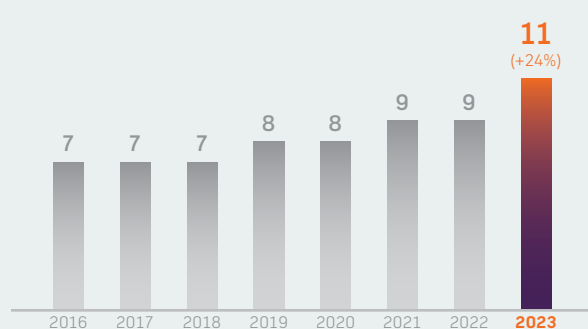


Customer Accounts and Equity

Customer Accounts (AED billion)

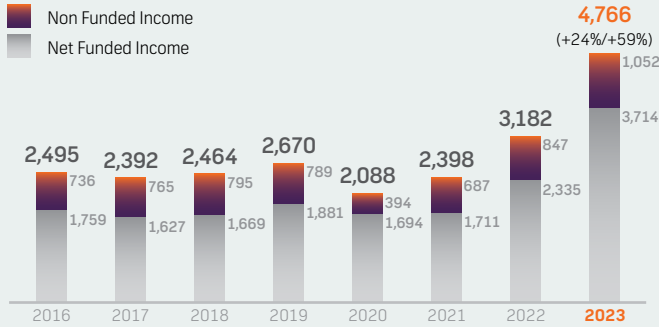


Equity (AED billion)



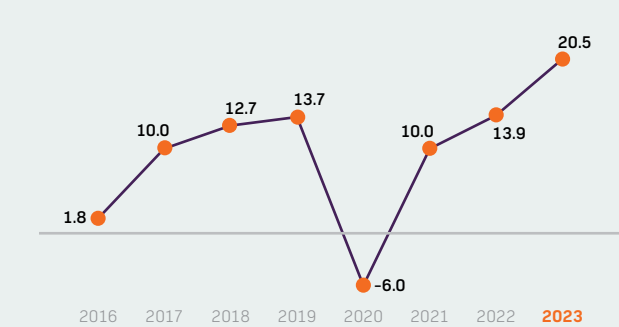
Sources of Operating Income

(AED million)



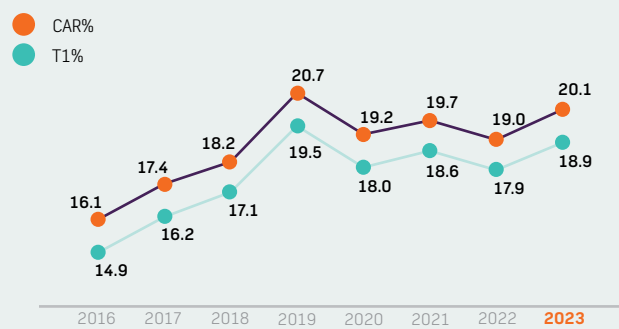
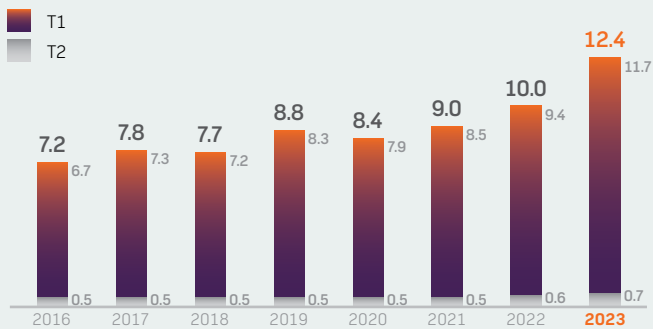
Return on Tangible Equity

%



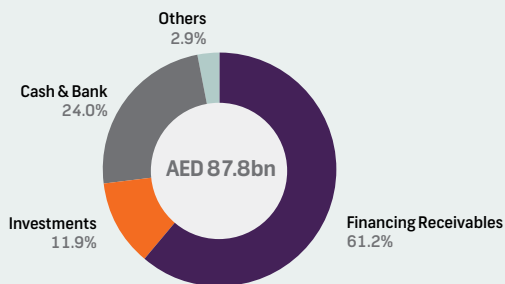
Capitalisation

(AED billion)

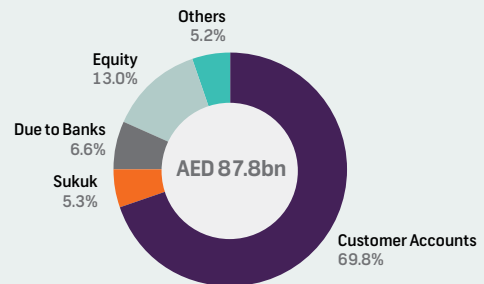


Balance Sheet Analysis

Assets



Liabilities and Equity



Retail Banking and Wealth Management



Mr. Mohamed Al Hadi
Acting Head of RBWM

“

As we continued our momentum of rapid growth and strategic expansion in 2023, RBWM provided greater opportunities to our existing customers and encouraged a significant number of new customers to benefit from our offerings. Our investments in digitisation and technology played a major role in facilitating an even more efficient and effective range of services than ever before, maintaining our status as one of the most progressive retail Islamic banks.”

Income (AED)

2.97bn
(+37.3% YoY growth)

CASA

78%

Net Profit (AED)

1.09bn
(+0.7% YoY growth)

Customer Deposits (AED)

49.9bn
(+14.7% YoY growth)

Net Customer Financing (AED)

34.7bn
(+11.4% YoY growth)

Contribution to EI Income

62%

RBWM Overview

The RBWM division manages the Bank's retail financing and deposits, business banking for SMEs, priority banking, private banking, and wealth management segments.

- Personal Banking is the main growth engine of the Bank's retail business, focusing on serving mass and emerging affluent customers, while covering all basic banking needs and product financing.
- Priority Banking is an exclusive service designed to meet the unique needs of affluent individuals. Our clients enjoy personalised services and a wide range of benefits, including dedicated relationship managers, priority centres, preferential pricing, and a selective range of Shariah-compliant wealth management products.
- We offer our Ultra-High-Net worth customers a bespoke Private Banking service with access to seasoned financial experts to support their wealth management needs through advisory, access to markets, and Shariah-compliant investment products.
- Emirates Islamic's Business Banking provides a wide range of Shariah-compliant banking solutions to SMEs across the UAE. We offer enterprise accounts bundled with short- and long-term Islamic financing, trade services, foreign exchange, and cash management solutions, with dedicated business banking hubs in Abu Dhabi, Dubai and Sharjah.

As of December 2023, Emirates Islamic has 40 branches, 1 pay office and 216 ATMs across the UAE.

Divisional Strategy

Our strategic focus is based on the Bank's primary aim to accelerate growth through customer acquisition, expand our employee banking proposition, enhance sales coverage in advantage banking, and increase risk management coverage in premium segments.

We placed greater digitisation emphasis on key initiatives and increased marketing and brand awareness across all high-end clients and business banking.

In our constant commitment to maintain unrivalled customer care, we continued to exceed expectations through our knowledge management portal, an omnichannel model, and centralised complaint management network.

Furthermore, we leveraged advanced analytics to build new use cases for foreign exchange, initiate wealth and asset cross-sell methods and strengthen our ongoing cross-sell activities.

Emirates Islamic reinforced its commitment to SMEs through the launch of its Knowledge Series – part of the “going beyond banking” initiative – providing expert market insights on current trends and topics.

Success Story

In order to increase the number of salary transfer customers in Personal and Priority Banking, we invested in establishing Employee Banking proposition units and sales coverage teams, ultimately leading to growth in liabilities and retail assets.

This included Employee Banking Relationship Managers who worked on a one-bank strategy with Corporate Banking Relationship Managers to serve the payroll requirements of our key clients.

Furthermore, a dedicated sales team was established to fulfil acquisition and cross-sell needs.

Government Partnerships

As the exclusive banking partner of the Mohammed Bin Rashid Housing Establishment and Sharjah Housing Program, we funded more than AED 1.6 billion in housing finance in 2023. With an extensive client base across the UAE and as a staunch financial supporter of Government initiatives to develop SMEs, Business Banking remains committed to promoting opportunities for SMEs.

Product/Digital Innovation

We launched our enhanced mobile banking app EI+ providing our customers with over 75 new banking services from the convenience of their mobile phones.

Our customers are now able to open investment accounts and trade in Shariah-compliant equities. Equities directly via our Digital Wealth feature on EI+ and our WhatsApp Chat Banking has been revamped with more user-friendly features.

With the digital spotlight also shining on SMEs, we initiated our businessONLINE integrated platform for businesses of all scales and sizes, providing a mobile app with multiple instant account services for SMEs.

Business Banking has also simplified customer onboarding, with 85% of total sourcing now conducted via tablet banking.

In order to enhance our customer experience even further and deliver the most convenient and comprehensive services, our new and improved ATM, CDM and ITM facilities incorporate state-of-the-art features complementing our network of branches around the country. We also introduced our new Digital Knowledge portal, Internal Knowledge Management portal and Customer Care portal helping create a more time-efficient and cost-effective solution for both the Bank and our customers.

In addition, more than 70 STP services were introduced for our call centre and branch staff to provide best-in-class customer service.

Our new Islamic trade platform, smartTRADE, enables fast and efficient transactions to reduce turnaround time and make international trade financing more convenient, more efficient and more secure.

In terms of easing overseas transfers for personal accounts, we have added United Kingdom as the third QuickRemit corridor for our existing individual customers on our new Mobile Banking App.

MoUs/Partnerships

As part of our commitment to the community, we collaborated with Awqaf Dubai to distribute 3,000 pre-paid Sand cards worth AED 3 million to beneficiaries, including orphans, widows, people of determination, and those with limited income.

Business Banking partnered with Emirates Development Bank on a joint credit guarantee scheme to support the financial inclusion of SMEs, as well as initiate tie-ups with licensing authorities and free zones to open business accounts for startups.

RBWM Contribution to the Bank's Performance

Our double-digit balance sheet growth is the primary contributor, complemented by maintaining healthy product margins and efficient servicing.

Digitisation and our focus on STP had a significant positive impact on our operating profit.

Awards 2023

Islamic Finance News Awards

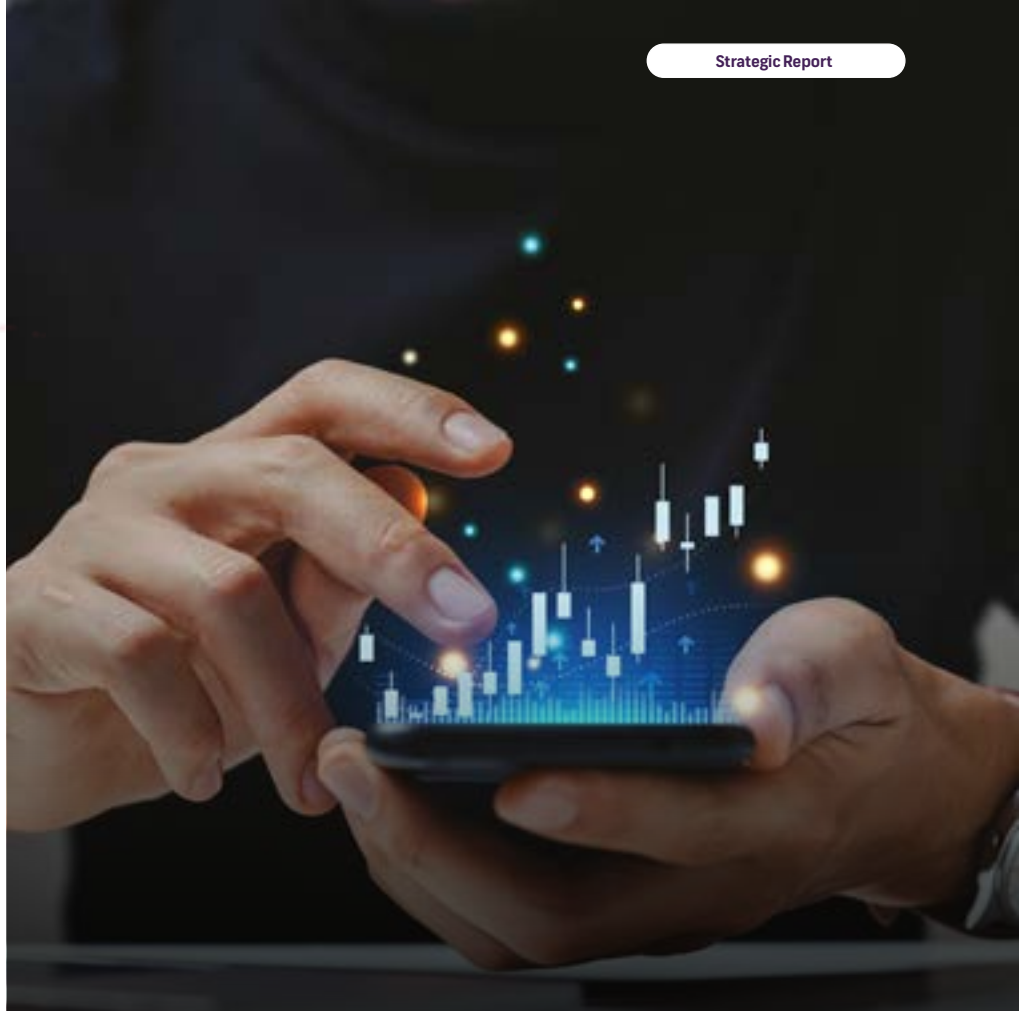
- Best Retail Bank in the UAE
- Most Innovative Bank in the UAE
- Best Digital Offering

International Finance Magazine Awards

- Most Innovative Shariah-Compliant Bank
- Best Islamic SME Bank

World Finance Islamic Finance Awards 2023

- Best Islamic Bank in the UAE
- Best Retail Bank in the UAE
- Best SME Bank in the UAE



Corporate and Institutional Banking



Mr. Vivek Shah
Head of C&IB

“

C&IB's performance in 2023 resulted in our highest-ever income, a clear reflection of the dedicated efforts of the team in increasing the business volume. Combined with a renewed investment in digitisation and greater collaboration with Emirates NBD, we can look back on a remarkable year of successes and look forward to even greater milestones in years to come.”

Income (AED)

0.83bn
(+30.3% YoY growth)

Net Profit (AED)

614m
(+33% YoY growth)

Contribution to EI income

17%

Total Assets (AED)

27.3bn
(+20% YoY growth)

CASA

66.2%

C&IB Overview

The C&IB division is responsible for building and maintaining relationships with our large public and private sector corporate and financial institution clients. We provide a full-fledged value proposition consisting of working capital finance, trade finance, project finance, syndicate and structured finance and cash management services to large and mid-sized corporates, financial institutions, sovereigns and government-related entities.

Among our most impressive achievements in 2023 were:

- Record yearly income for the division since inception.
- Significant increase in the club/syndicated deals.
- Collaboration with Emirates NBD Group leading to an enhanced client experience.
- Development of ESG framework.
- Increased number of Shariah-compliant Islamic derivative offerings to corporate clients.

Divisional Strategy

As the banking sector races to implement industry innovation, Emirates Islamic has already invested heavily in digitisation. In 2023, we integrated new banking technology even further throughout the division, maximising STP journeys, not only across cash and trade, but also in financing.

In our efforts to build a more diverse client base, we committed to greater product improvisation and client cross-sell, pushing for higher new-to-bank transactions.

Success Story

The Bank's C&IB team has always been a pioneer in providing Shariah-compliant solutions and structures including Revolving Credit Facilities, Musharaka Structures, Cash and Trade products and services giving us an edge over our competition.

Furthermore, C&IB has adopted a dynamic approach to cater to the clients' needs as well as to educate our customers with the recent changes in the Islamic banking industry. Therefore, we have reshaped our capabilities to maintain our strong presence in the Islamic banking space and ensure high level of clients satisfaction, by expanding our Shariah-compliant solutions offering, developing bespoke Shariah-compliant structures and aligning our existing Shariah-compliant offerings to comply with the recent market changes.

We understand that in today's rapidly evolving business landscape, staying ahead of the curve is essential. Therefore, we are committed to provide a better customer experience through digital solutions. This year, we have been able to improvise multiple online channels as part of our digitisation strategy.

Overall, 2023 has been a successful year for C&IB across multiple parameters.

Government Partnerships

We pledged – and delivered – support to the Dubai and the UAE Government through pre-IPO financing, a partnership with the Buna platform to enhance and facilitate cross-border transactions in the Arab region, the creation of an ESG framework and other ESG-related activities, including being a participant in COP28 as part of Emirates NBD Group.

Product/Digital Innovation

- Enhancement of businessONLINE.
- Project Simplify.
- Smart LC and e-Guarantee.
- Smart Cash Deposit Machine.
- Launching Quick Remit with Lloyds Bank for GBP Currency, which allows online money transfer service within 60 seconds and available 24/7 for retail clients without any additional costs.

MoUs/Partnerships

As part of our strategy to serve the payroll requirements of our key clients, we partnered with Kamelpay, the corporate digital payment platform, to cater to low-salaried employees.

Emirates Islamic and The Islamic Corporation for the Insurance of Investment and Export Credit (“ICIEC”) have signed agreements to bolster trade flows in Organisation of Islamic Cooperation member states.

C&IB Contribution to Bank’s Performance

17.4% income share, 29% net profit share. C&IB’s revenue growth of more than 30% has played a significant role in Emirates Islamic’s record-breaking year. Our financing receivables recorded a stable net growth of 10.4% coupled with 12.1% growth in CASA; contributing AED 651.5 million towards net income from financing and investment products.

Awards 2023

Euromoney Islamic Finance Awards 2023

- Best Islamic Real Estate Deal

World Finance Islamic Finance Awards 2023

- Best Cash Management Bank



Treasury and Markets



Mr. Ebrahim Qayed
Head of Treasury and Markets

Income (AED)

0.41bn
(+119% YoY growth)

Investment Securities (AED)

10.4bn
(+41.8% YoY growth)

Financing Deposit Ratio

87.7%

Net Profit (AED)

395.5m
(+158.4% YoY growth)

Contribution to EI Income

9%

“

Treasury and Markets delivered a record-breaking performance yet again, testimony to our ongoing efforts to grow and expand our range of services and products. By issuing the first Dirham-denominated Sukuk by a UAE financial institution, we have reinforced our standing as a leader in our field and a pioneer in progressive banking.”

Treasury and Markets Overview

Emirates Islamic Treasury and Markets provides a wide coverage across Money Markets, Capital Markets, FX and Islamic derivative products.

- The Assets and Liabilities Management Desk plays a pivotal role in contributing towards the Bank's Net Funded Income while managing both short term and long-term liquidity and profit rate gaps.
- The Sales and Structuring Desk navigates the complex landscape of market volatility, leveraging a suite of Islamic derivative products including options, Wa'ad and swaps.
- The Flow and Execution Desk provides execution services across all Bank channels and Direct Dealing clients on FX, Banknote, Sukuk, Equities, Funds and Structured Notes.
- The Business Management Support Desk is a non-dealing support team responsible for overall governance of the Treasury Front Office.

Divisional Strategy

In line with Emirates Islamic's primary strategies in 2023, our aim was to enhance our customer base, expand services and digitise our operations to benefit internal and external stakeholders. This focus on technology has helped streamline processes and enhance efficiencies.

As we looked to improve relationships with existing customers and acquire new business, our concerted efforts to increase proactive engagement with strategic clients resulted in higher volumes and increased cross-sell in key

segments. We crafted more tailored strategies which provided clients with the opportunity to effectively hedge their exposures, not only mitigating risks, but also providing opportunities to further enhance their returns.

Our focus on FX and Islamic derivative revenue generation resulted in a healthy pipeline execution across the businesses, in addition to increased client flow activity from successful contests in Treasury and Market sales.

Success Story

Treasury and Markets marked an historic moment in the Islamic banking industry, highlighting our commitment to the efforts by the Ministry of Finance in establishing a robust AED curve. The division successfully issued an AED 1 billion public Sukuk, the first Dirham-denominated Sukuk issuance by a UAE financial institution.

This landmark three-year issue was oversubscribed by 2.5 times, giving a vote of confidence from global Shariah-compliant investors.

Our primary goals are to provide the best possible products and services to our customers while reinforcing the UAE's position as the financial centre of the region by supporting government initiatives. By issuing this Sukuk, we achieved both these goals.

As a result of this ground-breaking achievement Emirates Islamic was recognised as the “Most Innovative Sukuk” at The Banker Islamic Banking Awards 2023.

Product/Digital Innovation

In line with the Bank’s drive for digital innovation across the organisation, Treasury and Markets has implemented a range of new technologies to enhance internal processes and provide our clients with more effective, efficient, and accessible services and customised products in line with client needs.

- PRS variants.
- Reverse Repo for FI clients.
- Ministry of Finance Sukuk execution.
- Realtime FX implementation.
- smartDEAL implementation for frontline staff.

Treasury and Markets’ Contribution to Bank’s Performance

9% income share, 19% net profit share. Treasury and Markets’ revenue growth of more than 119.5% has played a significant role in Emirates Islamic’s record-breaking year. Our Sukuk book recorded an exceptional net growth of 44.3%, contributing AED 333.4 million towards accruals.

Awards 2023

The Banker Islamic Banking Awards

- Most Innovative Sukuk

World Finance Islamic Finance Awards 2023

- Best Treasury Management Bank



Risk Management

Emirates Islamic proactively identifies, monitors and mitigates a wide range of risks to the execution of its strategy and business performance. The Bank has comprehensive risk governance and management frameworks, which are regularly reviewed and updated, and implemented at every level of the organisation to ensure that every function and employee is aware and contributing to the mitigation of risk factors.

Risk Management Framework

The Bank faces a range of risks in pursuit of its strategic objectives. We maintain a comprehensive Risk Management Framework that defines our approach to management of both financial and non-financial risks. The Framework, underpinned by our culture and values, supports effective Bank-wide risk management across the risk management lifecycle.



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

First Line of Defence

1

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

Second Line of Defence

2

Risk management, finance and a compliance function complement the business lines' risk activities through their monitoring and reporting responsibilities. They are responsible for overseeing the Group's risk-taking activities and assessing risks and issues independently from the business line. These functions promote the importance of the role of Senior Management and business line managers in identifying and documenting risk owners as part of New Product and Process Approval ("NPPA") and assessment of risks in a critical manner.

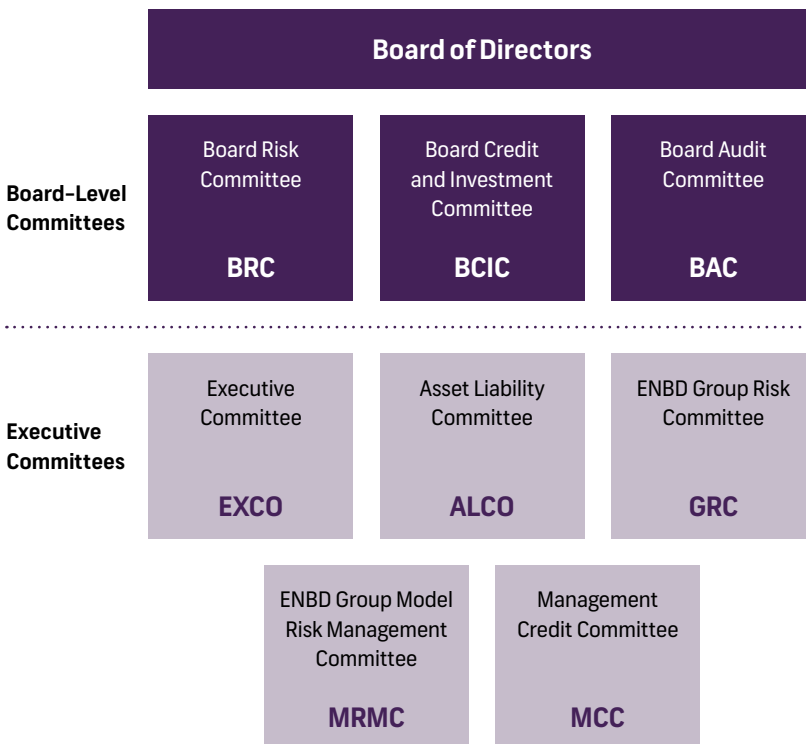
Third Line of Defence

3

Independent and effective internal audit function provides independent review and objective assurance on the quality and effectiveness of the Group's internal control system and the first and second lines of defence.

Risk Governance

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



Risk Management continued

Principal Risks

The Risk Management Framework defines the material risks the Bank faces in the ordinary course of business. These risks are actively reviewed and updated to ensure that we remain agile in a dynamic market environment. The Bank maintains a risk appetite statement which is an articulation of the target risk profile that the Bank intends to accept, underwrite, and/or be exposed to in the normal course of its business conduct.




The Bank's Risk Appetite Statement ("RAS") is based on the strategic objectives of the Bank and is reviewed at least annually. It proactively monitors principal risk exposures against pre-defined thresholds of all key risk metrics for the Bank. These metrics guide alignment of business, client and products strategy with risk appetite at an overarching level. The Enterprise and Regulatory Risk function provides an overarching view of emerging risks and facilitates


the coordination between key risk functions in order to achieve strategic objectives cohesively and effectively, while adhering to the risk appetite.

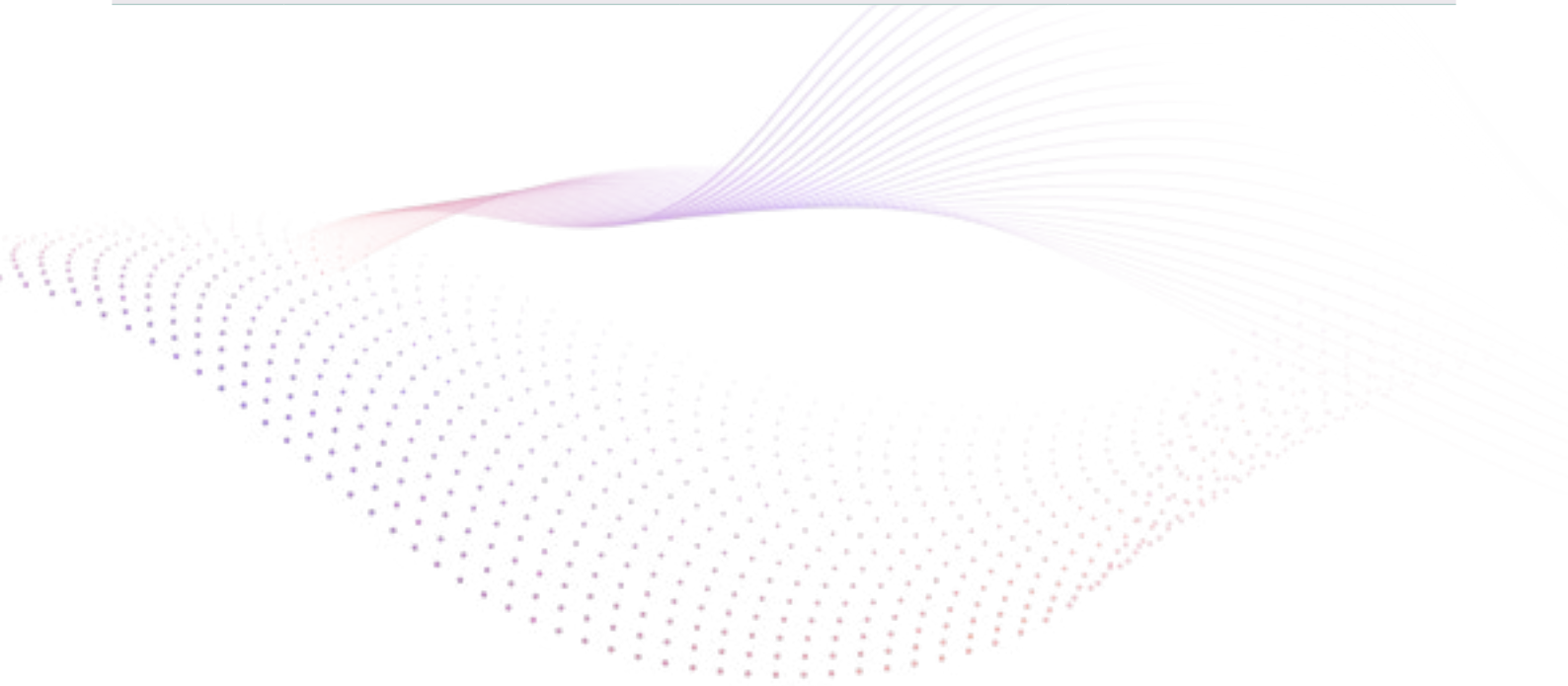
Principal Risk	Risk Description	Risk Oversight	Risk Monitoring and Reporting
 <p>Credit Risk</p>	<p>This is the risk of an obligator's default due to failure to meet their payment obligations to the Bank. This could arise in various business segments, such as C&B, Business Banking, Private Banking and Retail Banking.</p>	<p>There is a well-defined governance structure in place to manage credit risk, including credit concentration risk and country and transfer risk. The GRC, MCC, BRC and BCIC are the main Board and management committees with oversight of credit risk and are supported by the Corporate and Retail Credit units. Their governance is supplemented by forums, systems, policies, underwriting standards, procedures and processes. These stipulate an end-to-end approach for the management of credit risk across the credit lifecycle, from origination to final settlement.</p> <p>The Bank follows prudent financing policies with adjustments made based on portfolio performance and the external environment. There is a team dedicated to recovery from delinquent customers to ensure efficient collections and remedial measures. The Bank has sophisticated early warning triggers in place to identify signs of problems within the financing portfolio and to take rectification measures as needed.</p>	<p>The Bank proactively monitors portfolios and implements strategies considering the external environment, focusing on growth across business segments. The Bank's well-defined credit policy covers various aspects including the early alert process, monitoring process, and sectoral appetites. Limit frameworks against name, sector and geography (amongst others) ensure that exposures or potential exposures do not exceed internal or regulatory limits.</p> <p>The Bank follows the The Central Bank of the UAE ("CBUAE") criteria for asset classification and International Financial Reporting Standards 9 reporting requirements, ensuring compliance to delinquency classification and provisioning requirements.</p>
 <p>Counterparty Credit Risk</p>	<p>Counterparty Credit Risk ("CCR") is the risk that the counterparty to a transaction could default before the final settlement. The value of Islamic derivative transactions will change with fluctuations in factors such as Profits rates, foreign exchange rates, equities or commodities. The Group is exposed to CCR from its sales, trading and balance sheet management activities.</p>	<p>CCR is managed through the Counterparty Credit Risk Policy. The BCIC is the Board-level committee with oversight of counterparty credit risk. The MCC, GRC and MRMC are the management-level committees responsible for the same and have oversight of policies, methodologies and the limit framework.</p>	<p>CCR positions are monitored on a daily basis against approved limits. These limits are reviewed annually in accordance with applicable credit policies, processes and approval delegation. Interim reviews are undertaken where necessitated by change in counterparty credit worthiness and/or business plans.</p>
 <p>Market Risk</p>	<p>This is the risk that arises from changes in market variables such as profit rate, foreign exchange rates, credit spreads, equity prices, commodity prices, their correlations and implied volatilities. The Bank is exposed to market risk from its trading, client servicing, and balance sheet management activities.</p>	<p>The MIC, ALCO and GRC are the Senior Management committees that support the Bank in managing market risk. They establish the market risk management policy and methodology framework governing prudent market risk-taking backed by measurement and monitoring systems and internal controls. They are supported by the Bank's Market and Treasury Credit Risk unit. It supports the Bank to operationalise the market risk management framework to support business conduct while ensuring adequate risk control and oversight.</p>	<p>The market risk management strategy and market risk limits are established within the Bank's risk appetite and business strategies (taking into account macroeconomic and market conditions). The treasury trading book market risk positions are monitored on a daily basis against approved and allocated market risk limits by independent support units.</p>

Principal Risk	Risk Description	Risk Oversight	Risk Monitoring and Reporting
 <p>Asset Liability Management Risk</p>	<p>Asset-Liability Risk Management (“ALM”) is the strategic management of the Bank’s balance sheet structure and liquidity requirements covering liquidity sourcing, its diversification, profit rate and structural foreign exchange management.</p>	<p>The ALCO is responsible for the management of the Bank’s balance sheet and liquidity risks. It is supported by the ALM desk within the treasury unit for day-to-day management with independent oversight from Market and Treasury Credit Risk and ALM-Finance units.</p>	<p>ALM metrics covering liquidity, profit rate risk in the banking book (“IRRBB”) and structural FX are reported to the ALCO on a monthly basis and the BRC on a quarterly basis by Market and Treasury Credit Risk and Finance.</p>
 <p>Capital Risk</p>	<p>This is the risk of the Bank’s capital composition or level falling below levels sufficient to support its strategy and meet regulatory thresholds. Capital Adequacy (Reporting/Assessment) Process is a comprehensive activity undertaken by the Bank on a periodic basis to estimate the capital requirements generated by its assets. This covers both regulatory capital reporting (Pillar I and III) as well as Internal Capital Adequacy Assessment Process (“ICAAP”) and stress testing (Pillar II).</p>	<p>The Bank maintains a capital management policy which establishes mechanisms and procedures to ensure that the appropriate level of capital is maintained. The BAC and BRC have oversight of the regulatory capital reporting process and are supported by Finance and Enterprise and Regulatory Risk units.</p>	<p>Regulatory capital adequacy reporting process is done by the Bank on a quarterly basis while ICAAP is conducted annually. These processes follow the guidelines set by the CBUAE or relevant supervisory body where the Bank is benchmarked against the regulatory and RAS thresholds.</p>
 <p>Operational Risk</p>	<p>This is the risk of loss resulting from inadequate or failed internal processes, people, systems, or from external events.</p>	<p>The BRC is the Board-level committee with oversight of operational risk. The GRC supports the BRC in the oversight of framework, policies and methodology documents. The Operational Risk Unit maintains the overall operational risk management framework that includes management of fraud risk, cyber risk, outsourcing risk and business continuity management. The unit works closely with the Bank’s business lines and subsidiaries to raise awareness of operational risk. Key risks are identified and discussed at functional operational risk meetings and the GRC. These form the cornerstone of the Bank’s operational risk management activity.</p>	<p>The Operational Risk Unit develops and implements the methods for the identification, assessment, measurement and monitoring of operational risk throughout the Bank and provides regular and comprehensive reporting on operational risks to Senior Management and the BRC.</p>
 <p>Conduct Risk</p>	<p>This is the risk that the Bank, its staff, or third parties associated with the Bank, conduct business in an inappropriate or negligent manner that leads to negative customer outcomes, or has an adverse effect on market stability/reputation, or fair competition.</p>	<p>The Conduct Risk Framework details the process for management of conduct risk at Emirates Islamic. The framework is maintained by the Operational Risk Unit with oversight from the GRC and BRC.</p>	<p>Specific reports are provided to the business risk committees, the GRC, and the BRC on conduct risk exposure to ensure that the management is aware of the risks and enabling informed decision making and prioritisation of actions. This reporting also ensures compliance with the regulatory requirements of the CBUAE.</p>
 <p>Reputational Risk</p>	<p>This is the risk of loss of earnings and future revenue, loss in market value, or lack of liquidity supply due to deterioration of reputation, and threat to the brand value.</p>	<p>The Reputational Risk Policy defines the approach employed by the Bank to measure and assess potential reputational risk. The BRC and EXCO have oversight of reputational risk management.</p>	<p>Reputational risk exposure is assessed principally via the Risk Assessment methods of the Bank. Following assessment, key risks are monitored via the Key Risk Indicator or Key Control Assessment. Open Issues and related actions are tracked to ensure that risks, including reputational risks, do not materialise.</p>

Risk Management continued

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

Principal Risk	Risk Description	Risk Oversight	Risk Monitoring and Reporting
 <p>Model Risk</p>	<p>Model risk is the risk of potential adverse consequences resulting from decisions being made that are based on incorrect or misused model outputs and reports. The potential loss could be based on the output of the internal models because of errors in the development, implementation, or use of such models.</p>	<p>A Model Risk Management Committee ("MRMC") is in place to support the Board in the oversight of model management. It oversees the implementation of the Model Governance and Management Framework, which establishes an operational framework to govern and manage all steps in the model lifecycle, including the development, validation, approval, implementation, monitoring, and use of risk models, in alignment with the CBUAE Model Management Standards and Guidance.</p>	<p>Model risk control is also conducted at the Bank level. The model inventory is updated regularly to record comprehensive information for risk models used by the Bank. The Group Model Validation ("GMV") unit is responsible for tracking the resolution or the escalation of model risk issues. A comprehensive model risk report is produced by the GMV and reported to the MRMC quarterly and to the BRC annually.</p>
 <p>Environmental and Social Risk</p>	<p>The Bank considers climate risk as part of the broader environmental and social risks ("ESR"). This is the potential negative consequences to the Bank that could result from our impacts on the natural environment or communities.</p>	<p>The BRC has oversight of ESR management. Our strategy on these risks is being incorporated into the Risk Management Framework and is guided by the three lines of defence approach. We have developed an ESR Policy ("ESRP") Framework, which aims to foster decision-making that aligns with our commitment to delivering responsible financial services. Our goal is to collaborate with clients in advancing environmental and social enhancements, while steering clear of business dealings that fail to meet the standards set out in our ESRP Framework.</p>	<p>The Bank has set up a high level steering committee to set up ESG-linked financing targets and to monitor the progress as business strategies are developed to achieve these objectives.</p>



List of Branches and Pay Office

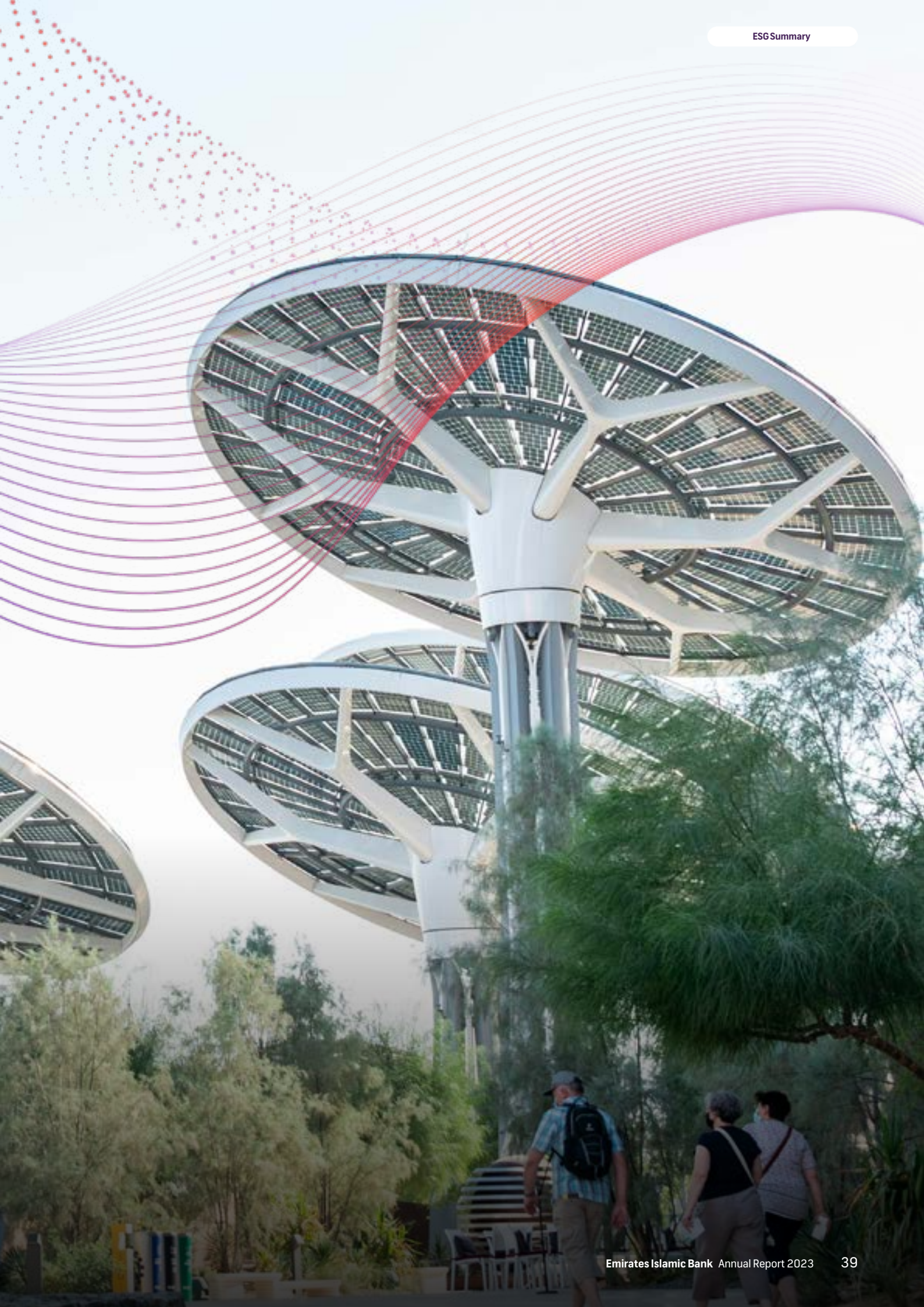
Branch Name	Branch Location	P. O. Box	Branch Telephone Number
Abu Dhabi and Al Ain			
Abu Dhabi Main Branch	Corniche Area, Wave Tower	46077 Abu Dhabi	02-6160888
Abu Dhabi Airport Road	Sheikh Rashid Bin Saeed Al Maktoum Street	46077 Abu Dhabi	02-4464000
Abu Dhabi Mall	Abu Dhabi Mall, Ground Floor, Next to Yateem Optician	46077 Abu Dhabi	02-6145194
Al Ain Main Branch	Othman Bin Affan Street, Al Murabbaa Area – opposite Al Ain Mall	15095 Al Ain	03-7511159
Bawabat Al Sharq Mall	Bawabat Al Sharq Mall, Ground Floor, Baniyas	46077 Abu Dhabi	02-6134734
Boutik Mall	Sanaiyya – Khalid Ibn Sultan Street. Next to Etisalat – Beside LuLu	15095 Al Ain	03-7034590
Jimi Mall	Jimi Mall, Al Jimi	15095 Al Ain	03-7034520
Khalifa City	Villa No. 104, Sector SE-02, Khalifa City 'A'	46077 Abu Dhabi	02-6134711
Dubai – Bur Dubai			
Al Barsha Mall	Al Barsha Mall, Barsha	6564 Dubai	04-3733211
Al Diyafah	Diyafa Street, opp. Dune Centre, Al Otaiba Building	6564 Dubai	04-3733205
Bur Dubai	Bahwan Centre, Sheikh Khalifa Bin Zayed Street, next to Bur Juman metro station	6564 Dubai	04-3597888
Dubai Health Care City	Building No.16, Ground Floor, Dubai Health Care City	6564 Dubai	04-3834726
The Dubai Mall	The Dubai Mall, Ground Floor	6564 Dubai	04-3828010
Al Wasl Road	Ferdous Center, Near Union Coop society	6564 Dubai	04-3733209
Dubai Hills Mall	Dubai Hills Mall, 1st Floor	6564 Dubai	04- 3733813
Al Barsha Heights Branch	I Rise Tower, Al Barsha Heights, Ground floor	6564 Dubai	04-3733080
Jumeirah Lakes Towers	Almas Tower, First Floor	6564 Dubai	04-3733225
Jumeirah Road	Sunset Mall, Um Suqeim 1	6564 Dubai	04-5921111
Sheikh Zayed Road	Al Wasl Tower	6564 Dubai	04-3312020
Palm Jumeirah	Palm Jumeirah – Nakheel Mall	6564 Dubai	04-3733275
Dubai – Deira			
Nad El Shiba	Avenue Mall, Nad El Shiba 1	6564 Dubai	04-5121982
Al Mizhar	Aswaq Centre, Near Al Mizhar Mall, Al Mizhar 1	6564 Dubai	04-2845799
Al Twar	Dubai Municipality Building, Ground Level, opp Al Twar Centre	6564 Dubai	04-7023880
Baniyas	Baniyas Road, Al Sabkha Area, Al Sabkha Building	6564 Dubai	04-2023900
Nakheel Road	Naif Street, Ahmed Abdul Rahim Hafiz Building, Dubai	6564 Dubai	04- 3733829
Warqaa Mall	Al Warqaa city Mall, Al Warqaa 1	6564 Dubai	04-2367878
Dubai Festival City	Dubai Festival Centre, opp Ikea, Level 1	6564 Dubai	04-3733201
Land Department	Dubai Land Dept Building, Ground Level, Baniyas Street, opp Dubai Chamber of Commerce	6564 Dubai	04-2215301/ 04-2212321
Mirdif City Centre	Level 1, Mirdif City Centre	6564 Dubai	04-3733055
Nad Al Hamar	Bel Rumaitha Club Building, Al Rebat Street	6564 Dubai	04-2845999
Khawaneej Walk	Khawaneej Walk, last exit, Khawaneej 1	6564 Dubai	04-3733832
Sharjah and Northern Emirates			
Ajman	Al Jurf 2, close to City Centre Ajman	6688 Ajman	06-5064012
Fujairah	Fujairah – Town Center, Hamad Bin Abdulla Street	1472 Fujairah	09-2235553
Halawan	Wasit Street, Sheikh Ismail Building	67621 Sharjah	06-5064009
Juriena Zero 6 Mall	Zero 6 Al Juraina Community Centre Mall, University City Road	5169 Sharjah	06-5064038
Khorfakkan	Corniche Street	18969 Khorfakkan	09-2371122
Nasseriya City Centre	My City Center, Nasseriya	67622 Sharjah	06-5064018
Qasimiyah	Al Qasimiya Tower, King Abdul Aziz Road, Sharjah	67622 Sharjah	06-5720002
Ras Al Khaimah Main Branch	Emirates Islamic Bank Tower, Ground Floor, Al Muntaser Street, Al Nakheel Area	5198 Ras Al Khaimah	07-2260044
Rahmaniya Mall Branch	Rahmaniya Mall, Ground floor, Emirates Road	5169 Sharjah	06-5064015
Sharjah Court Pay Office	Al Khan area, next to Khalid Port, Al Meena Street	5169 Sharjah	06-5282248

List of Offsite ATMs

Abu Dhabi	Dubai (continued)
Capital Mall	Union Co-operative – Abu Hail
HH Mohammed bin Zayed – Private Office	Al Barsha Mall ATM 3
ADAFSA – MBZ City	Falcon City Of Wonders
Bawabat Al Sharq Mall	Emirates Auction
Ajman	Dar Al Wasl
FEWA Ajman	SIRA
Last Chance Wholesale Market	Union Co-operative – Nad Al Sheba
Union Coop Ajman Al Jerf	Al Nasr Sports Club
Union Coop Ajman Rumailah	Dubai Police Qusais ATM
Saudi German Hospital	Business Village DED Building
Ajman Police – Union Coop Ajman Al Ittihad Road	Al Hudaiba Awards Building
Al Ain	Blu Tower
Bawadi Mall ATM 1 – Near Carrefour	Duja Tower SZD
Bawadi Mall ATM 2 – Near Style Studio	Union Co-operative – Hessa St
Dubai	Union Co-operative – Al Bada Jumeirah
Union Co-operative – Jumeirah	RTA Umm Ramool HQ
Union Co-operative – Al Twar	Terhab Hotels and Towers JVT
Union Co-operative – Al Aweer	Bin Shabib Mall – Al Barsha South
Souk Al Wasl	YIWU Market
Sheikh Ahmed Mosque	Serena Marketplace
Union Co-operative Hamriya	Villanova Community Mall
Dubai Immigration	Hadi Express – Muhaisnah
Lulu Hypermarket Al Qusais	Union Co-operative – Al Quoz
Bin Sougat Center, Airport Road	DIFC Gate Avenue Block C
Union Co-operative – Al Wasl, Satwa	Union Co-operative – Motor City
Dubai Taxi	Jafza One Community Center
Saudi German Hospital	Amity University
Mirdiff City Centre near Etisalat	Union Co-operative – Mankool
Etihad Mall	Gold Souk – Al Ras
Mall of Emirates – Home Centre	Aafaq Nad Al Hammar
Marina Mall	Al Jaber Optical Head Office
Deira City Center – Etisalat	MBR Housing Establishment
Shindga Carrefour	Al Aweer Auto Market
Karama Centre	Fujairah
Emirates Lakes	FEWA Fujairah
Dubai Mall – Near Costa Coffee GF	Sharjah Co-operative – Dibba
Dubai Mall Kidzania SF	Miramar Al Aqah Beach Resort
Dubai Mall Ice Rink GF	Ras Al Khaimah
Megamart Supermarket Al Qusais	Al Murjan Resort – Ras Al Khaimah
Aswaaq Super Market Umm Sequim	FEWA – Ras Al Khaimah
Dubai Mall – Food Court SF	Al Naeem Mall – Ras Al Khaimah
El Head Office, Building 16	RAK Co-operative Society – Al Rams
Al Ghurair Centre	Sharjah
Al Mulla Plaza	Ansar Mall
Union Co-operative – Umm Suqueim	Rolla Mall
Hyatt Creek Heights	Sharjah International Airport
Nawaes Madina Al Nahda	Megamart Supermarket Sharjah
Mei'aisem City Centre	Sahara Center
RITAJ-DIRC	FEWA – Dhaid
Mall of Emirates – Near Metro Link	Pullman Hotel Sharjah
My City Center Barsha	Sharjah Co-operative – Al Zubair
Dubai World Central	Sharjah Co-operative – Kalba Mall
Hatta Hospital	Sharjah Co-operative – Khorfakkan
Dewa Head Office	Umm Al Quwain
Dewa Al Quoz	FEWA – UAQ
Meydan-P Building	Senan Hyper Market



ESG Summary



Building a Prosperous and Sustainable Legacy



At the Emirates NBD Group, we are proud to be a part of the UAE's growth story, helping it to develop and prosper as a country with one of the world's strongest financial and banking sectors, contributing to the UAE's sustainability visions.



Emirates Islamic illustrated its commitment towards leading sustainability within the Islamic Banking sector, in support of the UAE's sustainability visions, such as the UAE's Green Agenda 2030 and 2050 Net Zero goal.

Emirates Islamic participated at COP28 along with the Emirates NBD Group, Principal Banking Partner for COP28, taking the spotlight as the only Islamic Bank on the COP28 Climate Finance presidency stage to discuss the role of Islamic finance in leading the sustainable finance market. Emirates Islamic was also a part of the Emirates NBD Group's launch of its Sustainable Finance Framework which allows for the issuance of green and sustainable financing instruments to finance projects that enable the transition to a low-carbon and climate-resilient economy.

As part of our commitment to promote gender equality and representation of women in leadership roles, we aim to achieve 25% representation of women in senior roles by 2027, reflecting our belief in fostering an inclusive and equitable workplace, promoting diversity in leadership, and ensuring equal opportunities. As we execute our ESG strategy, we are confident that we can achieve our collective mission to a

fairer, lower carbon economy where sustainability and prosperity is shared by all. This year's report outlines our Emirates Islamic ESG strategy, aligned to the Emirates NBD Group ESG strategy, progress made and the way forward, including results delivered that benefit our customers, employees, society, and the planet.

“ We are also a proud signatory of the UAE Climate-Responsible Companies Pledge.”

Mr. Vijay Bains
Group Head of ESG and Chief Sustainability Officer



Approach to Sustainability

Our Strategic Approach

ESG is not just a catchphrase, it is a corporate responsibility that underpins long-term success. Our unwavering commitment to ESG principles reflects our corporate responsibility as well as our commitment to building a sustainable future for our stakeholders.

Our ESG vision is rooted in the broader aim of achieving a balanced integration of sustainable practices across our operational and strategic fronts. It is a vision shaped by our unwavering dedication to the UN SDGs and informed by international standards and best practices.

Our focus on ESG principles underscores the convergence of ethical and economic factors. It is not just about doing good. It is also about creating long-term value for our shareholders, customers, employees, and the society at large.

Our Focus Areas



Sustainable Finance

We are dedicated to supporting the long-term health and stability of the marketplace.





Positive Environmental Impact

We are committed to enhancing the environmental management of our operations.





Responsible Social Impact

We prioritise the well-being of our employees, customers, and communities.






Governance and Ethics

We uphold the highest standards of governance and ethics.




Our Goals and Objectives




Net Zero by 2050

– we are committed to align with the UAE’s goal of Net Zero by 2050.




Emissions Reduction

– we intend to support the Third Update of the Second Nationally Determined Contribution (“NDC”).




Waste Diversion

– we aim to improve the ratio of diverted waste to general waste by at least 10% in 2024.



Water Conservation

– our goal is to become water efficient by 5% per year in the UAE.



Diversity and Inclusion

– to ensure representation of women in 25% of senior leadership roles by 2027.

For more information on Emirates Islamic – Approach to Sustainability, please refer to the Emirates Islamic ESG Report 2023.

ESG Stakeholder Engagement and Assessing Material Topics

At Emirates Islamic, our long-term vision is focused on the sustainability of our business, as well as the planet and its people. Our Group-led ESG strategy ensures that all our stakeholders, including our employees, valued clients, and the broader community, play a pivotal role in shaping our approach. In line with this strategy, we engage with an extensive list of stakeholder groups.

Emirates NBD Group annually conducts a thorough Materiality Analysis to identify relevant sustainability topics for reporting, in accordance with the latest standards put forth by GRI and the Sustainability Accountability Standards Board. The Analysis provides a comprehensive understanding of the attitudes and opinions of our stakeholders on ESG issues that impact or have the potential to impact our operations.

“

At Emirates Islamic, our long-term vision is focused on the sustainability of our business, as well as the planet and its people.”

Key ESG Stakeholders



Top Five Material Topics



The results of our 2023 Materiality Analysis are generally consistent with our previous materiality assessment, undertaken in 2022. They reflect the ongoing importance of issues connected to

sustainable finance, climate-related risks and opportunities, diversity and inclusion, data privacy and cyber security and governance and ethics.

For more information on ESG Stakeholder Engagement and Assessing Material Issues, please refer to the Emirates Islamic ESG Report 2023.

Highlights of the Year



Emirates Islamic's Key Sustainability Achievements in 2023

Responsible Social Impact

- Emirates NDB Group Sustainable Finance Framework launched.
- Enhanced ESG product offerings with the launch of the Absher Business Account for SMEs.
- 36% Emirati workforce.
- Contributions made to uplift the community.
- Participation in several volunteering initiatives, as part of the Emirates NDB Group Exchanger programme, and Emirates Islamic Compliance awarded as "Emirates Islamic's Top Contributor".
- Subsidised housing programme-related finance of AED 4.1bn approved as of 31 Dec 2023, with just over AED 1.6bn approved in 2023.
- Sustainable financing deals with international and local corporate clients, as well as financial institutions.
- Partnered with Emirates Development Bank on a joint credit guarantee scheme supporting SME financial inclusion.
- Sponsorship's for MBRHE events at government entities and schools for awareness on housing and financial literacy.

Positive Environmental Impact

- Participated at COP28 illustrating commitment to Net Zero by 2050.
- Approximately 20% reduction in indirect greenhouse gas emissions (Scope 2).
- Participated in the Emirates NDB 60th Anniversary Mangrove Forest initiative to plant 60,000 mangroves in December 2023.
- Planted 110 mangrove trees between 2022 – 2023 as part of the Al Zohra Mangrove Planting Drive.
- Part of the Emirates NDB Group's commitment to the UAE Climate-Responsible Companies Pledge.

Governance and Ethics

- 100% of operations assessed for corruption risk.
- One corruption incident reported against target of zero.

Notable Awards and Recognition in 2023



Global Business Outlook

Best New Business Banking Product, Women Entrepreneurs – Businesswomen Account UAE



World Finance Islamic Finance Awards

Best Islamic Bank in the UAE,
Best Retail Bank in the UAE,
Best SME Bank in the UAE



International Finance Awards

Most Innovative Islamic Bank,
Best Islamic SME Bank



Islamic Finance News Awards

Best Retail Bank in the UAE,
Most Innovative Bank in the UAE,
Best Digital Offering



Emirates Islamic Bank P.J.S.C.

3rd Floor, Building 16,
Dubai Healthcare City, Dubai
PO Box: 6564, Dubai,
United Arab Emirates

emiratesislamic.ae

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