

Innovation with Integrity

Directors' Report 2023



Directors' Report

The Directors have pleasure in presenting their report together with the audited consolidated financial statements of Emirates Islamic Bank P.J.S.C. (the "Bank"/ "Emirates Islamic") and its subsidiaries (collectively known as "the Group") for the year ended 31 December 2023.

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

Basis of Preparation of Financial Statements

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

Financial Commentary

Emirates Islamic delivered its highest ever net profit of AED 2.12 billion in 2023, which represents an increase of 71% over 2022, mainly from higher funded and non-funded income.

Emirates Islamic continued to maintain healthy liquidity and strong capital ratios, enabling the Bank to grow Customer Financing by 11% during 2023, reflecting the improved economic activity.

Customer Deposits grew by 9% with Current Account and Savings Accounts registering 13% growth during the year.

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

Based on the Bank's strong performance, Fitch Ratings affirmed Emirates Islamic's 'A+' Long-Term Rating with a Stable Outlook, Short-Term Rating of 'F1' and upgraded the Bank's Viability Rating.

During 2023, we successfully issued an AED 1 billion public Sukuk, the first in the UAE banking industry. This landmark three-year offering was oversubscribed 2.5 times highlighting the strength of the dirham Sukuk market and emphasizing confidence in the local currency market from global Shariah-compliant investors.

Emirates Islamic has one of the highest Emiratisation rates in the UAE banking sector, at 36% of total employees. Emirates Islamic 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.

Driven by core Shariah principles, Emirates Islamic remains firmly committed to its charitable initiatives and contributed an amount of AED 50.5 million to a range of charitable initiatives in 2023 through the Emirates Islamic Charity Fund. The Emirates Islamic Charity Fund provides financial aid to those in need, with a focus on food, shelter, health, education and social welfare contributions.

As the Islamic bank of choice in the UAE, we continue to play a pivotal role in the advancement of the Islamic banking sector in the UAE and remain deeply committed to supporting the vision of His Highness Sheikh Mohammed Bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE and Ruler of Dubai, to make Dubai the global capital of the Islamic economy.

Equity Holders Funds

Total Equity holders' funds as at the end of 2023 stands at AED 11,444 million (2022: AED 9,260 million).

Dividends

Emirates Islamic continued to make sustained growth during 2023 as a result of its planned growth strategy to be the leading Islamic Bank in the region, and the board of Emirates Islamic intends to continue this growth strategy. The retained profits will be used to fund this planned growth, whilst maintaining healthy capital ratios. No dividend is therefore proposed for the year ended 31 December 2023, to facilitate the growth strategy.

Proposed Appropriations

The Directors propose the following appropriations from retained earnings:

	AED million
Retained earnings as at 01 January 2023	2,847.3
Group profit for the year	2,121.2
Other comprehensive income	(15.7)
Transfer to Legal and Statutory reserve	(212.1)
Retained earnings available for appropriation	4,740.7
(a) Directors' fees for the year 2023	(7.0)
(b) Zakat for the year 2023	(20.6)
Balance of retained earnings as at 31 December 2023	4,713.1

Attendance of Directors at Board/Board Committee meetings during 2023

The Board of Directors comprises of the following members:

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

Total Number of Board Meetings: 6

Board Audit Committee

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

Total Number of Meetings: 4

Directors' Report continued

Attendance of Directors at Board/Board Committee meetings during 2023 continued Board Nomination & Remuneration Committee

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

Total Number of Meetings: 4

Board Risk Committee

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

Total Number of Meetings: 4

Board Credit and Investment Committee

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

Total Number of Meetings: 46

Board Profit and Equalization Committee

Mr. Hesham Abdulla Qassim Al Qassim	Chairman
Mr. Buti Obaid Buti Al Mulla	Member
Dr. Salim Al Ali	ISSC representative in the Committee

Total Number of Meetings: 4

Auditors:

Deloitte & Touche were appointed as auditors of the Group for 2023 financial year in the Annual General Meeting held on 22nd February 2023.

On behalf of the Board



Mr. Hesham Abdulla Al Qassim
Chairman

Dubai, UAE
24 January 2024



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emiratesislamic.ae

Emirates Islamic Bank P.J.S.C. is licensed by the Central Bank of the UAE