FitchRatings

Emirates Islamic Bank PJSC

Key Rating Drivers

Emirates Islamic PJSC's (EI) Issuer Default Ratings (IDRs) are driven by potential shareholder support from its 99.9% owner, Emirates NDB Bank PJSC (ENBD, A+/Stable), if needed, as reflected in its Shareholder Support Rating (SSR) of 'a+'.

The VR reflects its moderate franchise, balanced by good profitability, solid capitalisation and funding and liquidity. It also factors in ordinary support from ENBD, the second largest bank in the UAE, which supports EI's business and risk profiles, and underpins its financial metrics.

SSR of 'a+': EI's IDRs are in line with ENBD's. ENBD's IDRs are driven by potential support from the UAE authorities, which Fitch Ratings believes would flow through to EI given its role as the Islamic banking arm of the group and record of support, very high reputational risk for ENBD in case of an EI default, and the fact that both EI and ENBD operate in the same jurisdiction.

Improved Operating Conditions: Operating conditions have been solid for UAE banks in recent years, and Fitch Ratings expects them to remain strong in the medium term. The operating environment is supported by high interest rates and healthy liquidity conditions due to population growth and money transfers into the UAE.

Business Profile Benefits from Group: EI represented just 2.6% of total system assets at end-2024, but it benefits from forming part of the ENBD group. EI is the third-largest Islamic bank in the UAE and its retail focus results in lower concentrations than peers, while its Islamic banking status supports its high share of low-cost current and savings accounts (CASAs).

Rapid Financing Growth: EI grew its financing book by an above-sector average 28% in 2024 (sector: 11%), driven by corporate and retail financing. In the retail book, UAE nationals fell to a lower, but still 67%-majority at end-2024. Expat financing has grown but remains primarily salary-assigned and to affluent individuals. EI's financing book is less concentrated than local and regional peers, a result of its retail focus, and its risk controls benefit from ENBD oversight.

Improved Asset Quality: EI's Stage 3 (S3) financing ratio reduced to 4.4% (sector: 4.0%) at end-2024 (end-2023: 6.3%), on financing growth but also recoveries and write-offs. Stage 2 (S2) financing reduced slightly to 3.7% of gross financing at end-2024 (end-2023: 4.0%). Specific reserve coverage was a high 94% at end-2024. We forecast EI's S3 ratio to hover around the 4% mark in 2025-2026 on continued financing growth and solid operating conditions.

Good Profitability: EI's profitability improved in 2024 amid high interest rates, with return on average equity of 22% (2023: 20%). Operating return on risk-weighted assets (RWAs) improved to 3.9% in 2024 (2023: 3.4%) despite a 55bp contraction in the net financing margin in 2024 on higher funding costs, albeit to a still strong 5.1% given its high share of CASAs. We expect profitability to moderate in 2025, but for operating returns to remain solid at over 3% of RWAs.

Strong Capitalisation: EI has strong capital buffers, and its ratios compare well with peers. The common equity Tier 1 (CET1) ratio declined to a still-high 18.0% at end-2024 (end-2023: 18.9%), driven by RWAs growth. It is further supported by full coverage of impaired financing by total financing loss allowances and solid pre-impairment profit. We expect EI's CET1 ratio to decline amid above-sector-average growth, but to remain above 16% in 2025-2026.

Entrenched Deposit Franchise; Healthy Liquidity: EI's Islamic franchise underpins its well-managed funding profile, including a solid retail deposit base (75% of total deposits at end-2024) and a high share of sticky, low-cost CASAs (69%). The financing-to-deposits ratio increased slightly to 98% at end-2024 (end-2023: 96%), as deposit growth amid healthy liquidity conditions broadly matched financing growth. EI's liquidity coverage ratio (159%) and net stable funding ratio (113%) are comfortably above minimum regulatory requirements.

Ratings

Foreign Currency	
Long-Term IDR	A+
Short-Term IDR	F1
Long-Term IDR (xgs)	BBB(xgs)
Short-Term IDR (xgs)	F2(xgs)
Viability Rating	bbb-
Shareholder Support Rating	a+
Sovereign Risk (United Arab Emirates)	
Long-Term Foreign-Currency IDR	AA-
Long-Term Local-Currency IDR	AA-
Country Ceiling	AA+
Outlooks	
Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Highest ESG Relevance Scores

Environmental	2
Social	3
Governance	4

Applicable Criteria

Bank Rating Criteria

Sukuk Rating Criteria

Related Research

Fitch Affirms Emirates Islamic Bank at 'A+', Outlook Stable; Upgrades VR to 'bbb-' (March 2025)

UAE Banks Growth Moderated in 4Q24, while Annual Profits Hit Record High (February 2025)

UAE Debt Capital Markets Dashboard: 2025 (February 2025)

UAE Banks – Peer Review 2025 (February 2025)

UAE Banks to Strengthen from New Credit Risk Management Standards (January 2025)

EM Banks Tracker (January 2025)

UAE Islamic Banks' Growth Prospects Remain Strong (October 2024)

Fitch Affirms the United Arab Emirates at 'AA-'; Outlook Stable (June 2024)

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Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

EI's IDRs are equalised with ENBD's. EI's IDRs would be downgraded if ENBD's IDRs were downgraded. EI's IDRs could also be downgraded and be below ENBD's if EI becomes less integral to the group and Fitch believes ENBD's propensity to provide support has weakened, although this is unlikely.

A sharp deterioration in asset quality or increase in the bank's risk appetite, including high growth in riskier segments, leading to materially weaker capitalisation, would lead to a downgrade of the VR. A deterioration of the UAE operating environment would likely also lead to a VR downgrade.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

An upgrade of EI's IDRs would require an upgrade of ENBD's IDRs, which is unlikely as ENBD's support-driven Long-Term IDR of 'A+' is already one notch above the UAE domestic systemically important banks' Government Support Rating.

An upgrade to the VR is unlikely without a material strengthening in the bank's franchise and market shares, combined with a sustained track record of sustained healthy financial profile metrics and risk appetite through the cycle.

Other Debt and Issuer Ratings

Debt Rating Classes

EI Sukuk Company Limited

Rating Level	Rating
Senior unsecured: long-term	A+
Senior unsecured: long-term (xgs)	BBB(xgs)

Source: Fitch Ratings

EI's senior unsecured debt (sukuk) issued by EI's special purpose vehicle (SPV), EI Sukuk Company Limited, is rated in line with the bank's Long-Term IDR and Long-Term IDR(xgs) as the likelihood of default on senior unsecured obligations issued by the SPV reflects that of the bank.

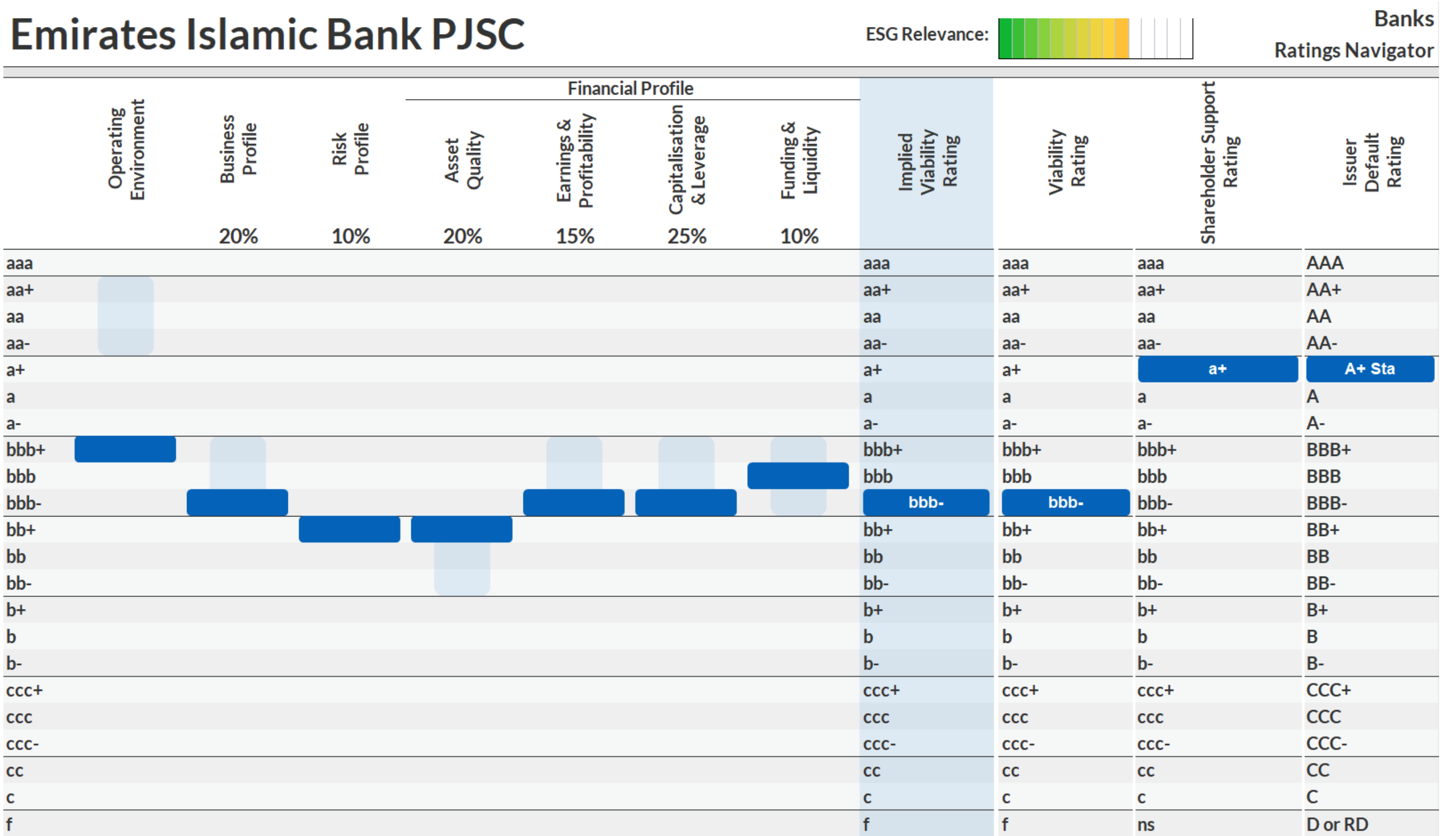
EI's Long-Term IDR (xgs) is equalised with ENBD's Long-Term IDR (xgs). EI's Short-Term IDR (xgs) is mapped to its Long-Term IDR (xgs).

Significant Changes from Last Review

VR Upgraded

EI's VR was upgraded to 'bbb-' from 'bb+' in March 2025, reflecting the bank's improved asset quality and profitability metrics, which have been supported by favourable operating environment conditions, but also our view that capitalisation will remain solid given good internal capital generation and moderating financing growth.

Ratings Navigator



The Key Rating Driver (KRD) weightings used to determine the implied VR are shown as percentages at the top. In cases where the implied VR is adjusted upwards or downwards to arrive at the VR, the KRD associated with the adjustment reason is highlighted in red. The shaded areas indicate the benchmark-implied scores for each KRD.

VR - Adjustments to Key Rating Drivers

The operating environment score of ‘bbb+’ is below the ‘aa’ category implied score due to the following adjustment reasons: size and structure of economy (negative) and financial market development (negative).

Company Summary and Key Qualitative Factors

Operating Environment

Strong Operating Conditions for UAE Banks

UAE banks' strong operating conditions are supported by high oil prices, contained inflation and high interest rates. We expect banks to continue their strong performance of 2023–2024 throughout 2025, although it will probably moderate slightly. Most UAE banks are well positioned for higher interest rates and, since 2021, their earning asset yields have risen more than their funding costs due to a still-high share of cheap current and savings accounts, and a large percentage of floating lending on their loan books.

We expect the strong business and operating environment for UAE banks to remain supportive in 2025, underpinned by high oil prices (2025F:USD70/barrel). Fitch forecasts slightly higher real GDP growth for 2025 (3.9%; 2024: 3.5%). The high oil prices and recovered economic activity since 2021 have underpinned strong GRE spending and resulted in strong non-oil GDP growth, which averaged 6.2% a year over 2021–2023.

We expect non-oil growth to slow in 2025 (3.4%; 2024: 4.3%) as new resident inflows taper off, and oil prices slow. However, strong operating conditions should continue, underpinned by government spending and attractive business conditions in the UAE.

In our view, the visa reforms and the large-scale immigration to the UAE make a new real-estate market crash less likely. A large list of planned and budgeted development and infrastructural projects should underpin banks' business growth in the next five years.

Good liquidity and higher interest rates had resulted in a notable widening of the sector average NIM in 2023 (3.2%; 2021: 2.3%), but this reduced again to 3.1% in 2024 on the back of interest cuts in 2H24. Nevertheless, the still-healthy NIM and low impairment charges (2024: 9% of pre-impairment operating profit; 2023: 15%) resulted in the bank's highest-ever operating profit/RWAs ratio (Fitch's core profitability metric) of 3.4% in 2024 (2023: 3.2%).

We expect lending growth to expand by about 9% in 2025 following an acceleration of growth in 2024, when the full-year growth was around 11% (2023: 7.7%). The average impaired loans ratio for Fitch-rated UAE banks declined to 4% at end-2024 (end-2023: 5.1%; end2022: 6%) due to recoveries, write-offs and lending growth. The coverage of impaired loans by total provisions remained good (end-2024: 102%), but was weaker at some of the rated banks due to reliance on collateral.

Average capital ratios declined by 30bp–50bp in 4Q24 due to dividend payments. The average common equity Tier 1 ratio was 13.7%, the Tier 1 ratio was 15.6% and the total capital adequacy ratio was 17.1% at end-2024. The capital ratios were close to end-2023 levels, and we expect these to remain stable in 2025 due to growth in line with internal capital generation. Sector deposits grew by 10.5% in 2024, similarly to loan growth, due to solid liquidity conditions, and the sector average loans/deposits ratio was a healthy 79% at end-2024.

Fitch expects UAE banks' financial metrics (asset quality, performance, capitalisation and profitability) to be stable in 2025, and profitability metrics to moderate from high levels following expected interest rate cuts by the US Treasury, which will be followed by the Central Bank of the UAE.

Business Profile

EI continued to rank as the UAE's third-largest Islamic bank at end-2024. Its business model benefits from its association with ENBD, as it is effectively viewed as ENBD's Islamic banking arm. Nonetheless and despite its large branch network, it still maintains a niche franchise, and comprised only about 2.4% of sector assets at end-2024.

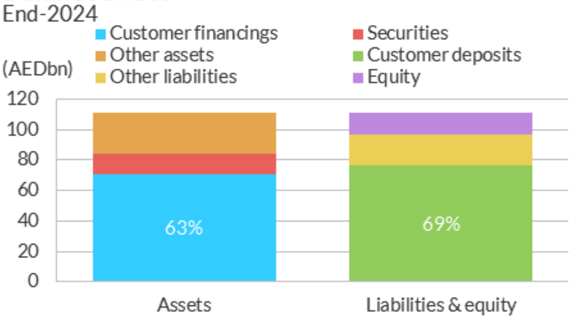
EI was established in 2004 to offer sharia-compliant banking services within the ENBD group. EI and ENBD operate as separate legal entities with different banking licenses. In 2012, ENBD acquired Dubai Bank, following from which most of its assets and liabilities were transferred to EI. EI's business model and franchise benefits from being a subsidiary of ENBD, although EI's brand is also well-recognised in the UAE. The bank has stronger access to the sovereign and GREs due to ENBD's existing links and relationships, and collaboration at the group level.

EI's business model remains largely retail-focused, with retail accounting for 59% of total financing at end-2024. Most retail financing consists of personal and mortgage financing (a combined 58% of total retail financing). As a result, consumer and wealth management continued to be the bank's main earnings contributor, generating about 63% of total operating income in 2024.

EI aims to continue to grow both retail financing, primarily driven by personal and mortgage financing, as well as credit cards, but also corporate financing, including larger tickets. On the retail front, the bank has increased its share of expat individual financing (mainly for clients with salaries above AED10k) to benefit from higher yields amid improved risk controls following the bank's clean-up process. On corporate financing, growth will be concentrated towards mid- to large- non-government related corporates, and EI will continue to tap corporate and FI clients in the wider GCC market, although its financing book remains and will continue to be almost entirely domestic (98% of financing receivables stemmed from the UAE at end-2024).

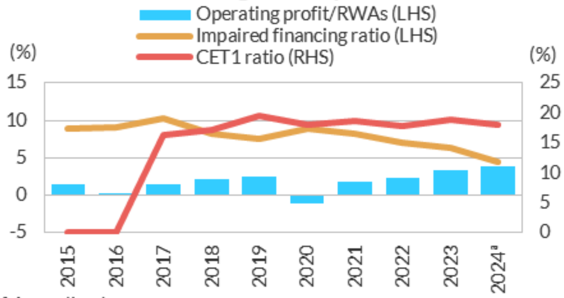
Fee income will be underpinned by strong business expansion and the bank's focus on cross-selling opportunities within the private banking space. EI has also been selected as a bank for government-backed home financing since 2022, which will continue to underpin home financing growth in 2025.

Balance Sheet
End-2024



Source: Fitch Ratings, Fitch Solutions, EI

Performance Through the Cycle



a Annualised
Source: Fitch Ratings, Fitch Solutions, EI

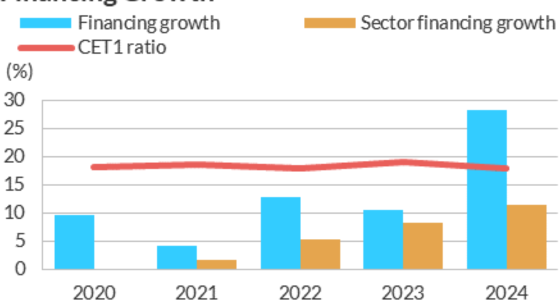
Risk Profile

EI's retail financing book primarily consists of secured financing (59%), and personal financing is entirely on a salary-assigned basis, viewed by Fitch as a reasonable mitigant in the UAE context. The average contractual financing to value of the mortgage portfolio was 57% at end-2024 and has been fairly stable in recent years. UAE nationals continued to account for the majority of the bank's retail portfolio (67%), and its share of low-income expats remained a low 4% at end-2024. Credit costs in all retail segments have been contained in recent years, with financing impairment charges consuming a moderate 18% of pre-impairment operating profit in 2024, demonstrating a reasonable pricing of risk at EI.

EI's SME exposure has been on a rundown basis since 2016, following the bank's decision to exit the market amid the 2015 and 2016 fall in commodity prices and ensuing SME crisis in the UAE.

EI's financing book is less concentrated than local and regional peers due to its retail focus. EI's top 20 exposures (funded and unfunded) comprised about 132% of common equity Tier 1 capital or 25% of gross financing at end-2024. Real estate and contracting comprised 21% and 9% of EI's funded and non-funded exposures at end-2024, respectively.

Financing Growth



Source: Fitch Ratings, Fitch Solutions, EI

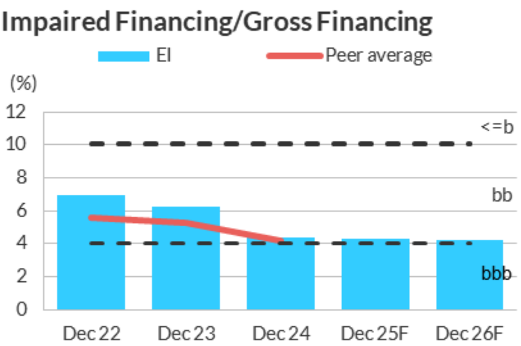
Financial Profile

Asset Quality

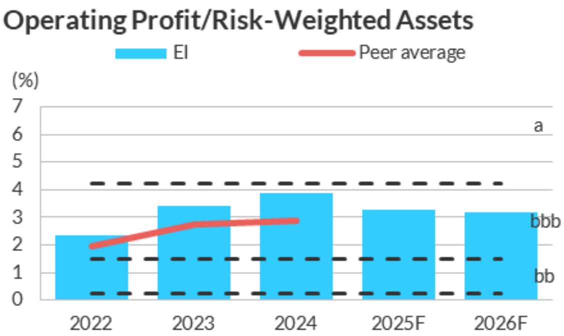
EI's asset quality has improved significantly in recent years as a result of the clean-up of its corporate portfolio and limited deterioration in its retail book, aided by strengthened underwriting standards, healthy operating conditions in the UAE and accelerated financing growth, which diluted already crystallised impaired exposures. The bank's Stage 3 financing ratio declined further to 4.4% at end-2024 (end-2023: 6.3%), as did its problem loans ratio (Stage 3 + Stage 2 financing) to 8.1% (end-2023: 10.4%). Metrics are now comparable with larger Islamic bank peers, and coverage has strengthened and been maintained at solid levels.

EI wrote off a still-high 1.5% of average gross financing (end-2023: 1.7%), predominately in corporate segment. That in combination with a limited inflow of new Stage 3 exposures and some recoveries, resulted in Stage 3 financing balance declining to AED3.3 billion from AED3.7 billion at end-2023.

Total reserves coverage of Stage 3 financing improved further to 142% at end-2024 (end-2023: 132%) on additional Stage 2 provisions. Specific reserves covered a higher 94% of Stage 3 financing, with EI having amongst the strongest specific provision coverage ratios in the sector. We expect headline asset quality metrics to remain stable in 2025 amid still high growth and limited asset quality deterioration as operating conditions remain solid.



Source: Fitch Ratings, Fitch Solutions, banks



Source: Fitch Ratings, Fitch Solutions, banks

Earnings and Profitability

EI's net profit margin shrank by 55bp in 2024 on slightly higher funding costs amid increased competition in the reducing interest rate environment, whilst financing yields remained flat. The bank's net profit margin is geared towards high interest rates and is therefore expected to moderate further in 2025 as interest rate cuts continue. EI's net profit margin nonetheless compares well with that of peers, given its high-yielding retail finance focus and high share of low-cost CASA deposits.

Operating return on RWAs improved to 3.9% in 2024 (2023: 3.4%) driven by higher net financing income amid strong growth and supported by a decline in financing impairment charges (FICS; which absorbed a lower 18% of pre-impairment operating profit; 2023: 32%). We expect FICs to remain moderate in the near term given the bank's solid reserves coverage, including Stage 1 and Stage 2 reserves, and as asset quality is expected to remain stable.

EI's cost/income ratio improved to 30% in 2024 (2023: 35%) on stronger earnings and cost optimisation efforts, supported by the bank's digitalisation strategy. Nonetheless, EI has an inherently higher cost base than peers due to its retail focus and ensuing wide branch network, which is offset by benefits to the bank's cost of funding given its strong retail deposit franchise. Non-financing income comprised 21% of gross revenues in 2024, split evenly between fees and commissions and investment portfolio gains.

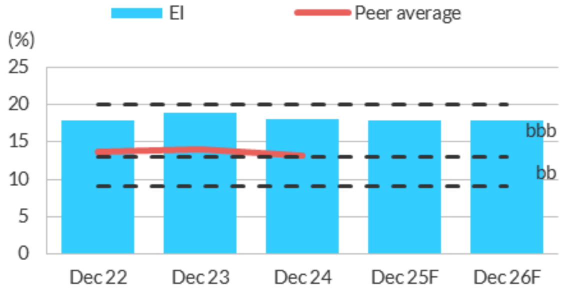
Capitalisation and Leverage

EI's capital ratios are well above the sector-average and compare well with peers. The decline in the bank's CET1 ratio to a still-high 18.0% at end-2024 (end-2023: 18.9%) amid high credit RWAs growth was underpinned by still solid internal capital generation. The ratio is expected to continue to decline in 2025-2026 as profitability moderates and growth continues. Under our base case we forecast EI's CET 1 ratio to decline by about 20bp by end-2026.

Impaired financing is fully covered by total financing loss allowances, although specific financing loss allowances covered a lower, albeit still solid, 94% of impaired financing. Stage 2 and Stage 3 financing, net of total reserves, comprised a moderate 10% of CET1 capital at end2024. EI's capitalisation assessment also factors in the bank's strong pre-impairment profitability (5.6% of average financing in 2024), well above its cost of risk (0.9%), meaning the bank has a solid ability to absorb an uptick in impairment charges is asset quality deteriorates without pressuring its capital ratios.

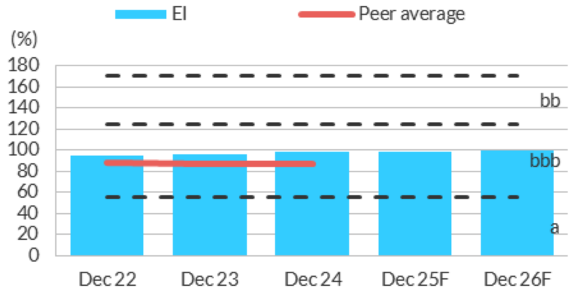
EI has not distributed dividends in recent years, and Fitch expects the bank to be able to raise capital from its parent if needed (as evidenced in 2016 when EI received AED1.5 billion in capital from ENDB). EI's capitalisation levels and profitability should remain sufficient with respect to its growth plans in the medium term.

CET1 Ratio



Source: Fitch Ratings, Fitch Solutions, banks

Gross Financing/Customer Deposits



Source: Fitch Ratings, Fitch Solutions, banks

Funding and Liquidity

EI's retail focus renders its deposit base less concentrated than peers, as retail deposits comprised 75% of total deposits at end-2024. As a result, EI's 20 largest depositors comprised a moderate 24% of total customer deposits at end-2024. Additionally, its high proportion of CASA (69%) supports the bank's lower-cost and sticky deposit base. The bank has also issued three sukuk through its SPV, EI Sukuk Company Limited, totalling USD1.8 billion and maturing in 2025, 2026 and 2029, reducing maturity gaps, as well as AED1 billion issued in 2023 which matures in 2026.

EI's liquidity is well-managed. The bank's financing-to-deposits ratio increased slightly to 98% at end-2024 (end-2023: 96%), as financing growth slightly exceeded deposit growth. Net liquid assets (including cash balances less mandatory reserves, net interbank placements and unpledged securities) covered 31% of customer deposits at end-2024. The bank's liquidity coverage (end-2024: 159%) and net stable funding (113%) ratios were comfortably above 100% minimum regulatory requirements.

Additional Notes on Forecasts and Charts
Years denoted with an 'F' in tables and charts in this report represent Fitch's forecasts. The forecasts reflect Fitch's forward view on the bank's financial metrics per Fitch's Bank Rating Criteria. They are based on a combination of Fitch's macro-economic forecasts, outlook at the sector level and company-specific considerations. As a result, Fitch's forecasts may materially differ from the guidance provided by the rated entity to the market. To the extent Fitch is aware of material non-public information with respect to future events such as planned recapitalisations or merger and acquisition activity, Fitch will not reflect these non-public future events in its published forecasts. However, where relevant, such information is considered by Fitch as part of the rating process.

Financials

Summary Financials and Key Ratios

		31 Dec 2024	31 Dec 2023	31 Dec 2022	31 Dec 2021
	Year End	Year End	Year End	Year End	Year End
	USDm	AEDm	AEDm	AEDm	AEDm
	Audited - Unqualified	Audited - Unqualified	Audited - Unqualified	Audited - Unqualified	Audited - Unqualified
Summary Income Statement					
Net financing & dividend income	1,153	4,233.0	3,714.0	2,345.4	1,717.2
Net fees and commissions	142	521.0	482.1	455.1	369.3
Other operating income	166	610.1	569.4	381.5	311.5
Total operating income	1,461	5,364.1	4,765.5	3,182.0	2,398.0
Operating costs	437	1,604.4	1,649.7	1,540.4	1,242.5
Pre-impairment operating profit	1,024	3,759.7	3,115.8	1,641.6	1,155.5
Financing & other impairment charges	183	671.8	994.6	401.5	332.4
Operating profit	841	3,087.9	2,121.2	1,240.1	823.1
Other non-operating items (net)	n.a.	n.a.	n.a.	n.a.	n.a.
Tax	76	277.6	n.a.	n.a.	n.a.
Net income	765	2,810.3	2,121.2	1,240.1	823.1
Other comprehensive income	19	68.6	89.8	-479.7	-75.5
Fitch comprehensive income	784	2,878.9	2,211.0	760.4	747.6
Summary Balance Sheet					
Assets					
Gross financing	20,470	75,175.8	58,598.9	53,081.7	47,033.1
- ow impaired	899	3,300.2	3,682.1	3,692.1	3,843.7
Financing loss allowances	1,279	4,695.9	4,851.1	4,712.7	4,419.1
Net financing	19,191	70,479.9	53,747.8	48,369.0	42,614.0
Interbank	2,731	10,028.5	6,131.2	4,614.5	2,768.7
Islamic derivatives	43	156.9	184.2	184.1	118.4
Other securities and earning assets	3,713	13,634.4	10,614.5	7,636.4	6,981.3
Total earning assets	25,677	94,299.7	70,677.7	60,804.0	52,482.4
Cash and due from banks	3,996	14,674.5	14,981.1	12,026.3	10,688.2
Other assets	587	2,154.5	2,153.0	1,933.4	1,733.8
Total assets	30,260	111,128.7	87,811.8	74,763.7	64,904.4
Liabilities					
Customer deposits	20,908	76,784.9	61,315.0	56,343.7	47,269.1
Interbank and other short-term funding	1,602	5,883.5	5,792.4	1,880.1	2,548.4
Other long-term funding	2,522	9,263.2	4,672.5	3,672.5	3,672.5
Trading liabilities and Islamic derivatives	41	150.0	178.4	191.5	126.6
Total funding and islamic derivatives	25,073	92,081.6	71,958.3	62,087.8	53,616.6
Other liabilities	1,293	4,746.8	4,409.8	3,415.6	2,736.8
Preference shares and hybrid capital	n.a.	n.a.	n.a.	n.a.	n.a.
Total equity	3,894	14,300.3	11,443.7	9,260.3	8,551.0
Total liabilities and equity	30,260	111,128.7	87,811.8	74,763.7	64,904.4
Exchange rate		USD1 = AED3.6725	USD1 = AED3.6725	USD1 = AED3.6725	USD1 = AED3.6725

Source: Fitch Ratings, Fitch Solutions, EI

Summary Financials and Key Ratios

	31 Dec 2024	31 Dec 2023	31 Dec 2022	31 Dec 2021
Ratios (annualised as appropriate)				
Profitability				
Operating profit/risk-weighted assets	3.9	3.4	2.4	1.8
Net financing income/average earning assets	5.1	5.7	4.1	3.3
Non-financing expense/gross revenue	29.9	34.6	48.4	51.8
Net Income/average equity	21.5	20.4	14.0	9.9
Asset Quality				
Impaired financing ratio	4.4	6.3	7.0	8.2
Growth in gross financing	28.3	10.4	12.9	4.2
Financing loss allowances/impaired financing	142.3	131.8	127.6	115.0
Financing impairment charges/average gross financing	0.9	1.5	0.8	0.9
Capitalisation				
Common equity Tier 1 ratio	18.0	18.9	17.9	18.6
Fully loaded common equity Tier 1 ratio	n.a.	n.a.	n.a.	n.a.
Fitch Core Capital ratio	n.a.	n.a.	n.a.	n.a.
Tangible common equity/tangible assets	12.9	13.0	12.4	13.2
Basel leverage ratio	n.a.	n.a.	12.0	12.3
Net impaired financing/common equity Tier [1]	-9.7	-10.0	-10.8	-6.8
Net impaired financing/Fitch Core Capital	n.a.	n.a.	n.a.	n.a.
Funding & Liquidity				
Gross financing/customer deposits	97.9	95.6	94.2	99.5
Gross Financing/customer deposits + covered securities	n.a.	n.a.	n.a.	n.a.
Liquidity coverage ratio	n.a.	n.a.	n.a.	n.a.
Customer deposits/total non-equity funding	83.5	85.4	91.0	88.4
Net stable funding ratio	n.a.	n.a.	n.a.	n.a.

Source: Fitch Ratings, Fitch Solutions, EI

Support Assessment

Shareholder Support	
Parent IDR	A+
Total Adjustments (notches)	0
Shareholder Support Rating	a+
Shareholder ability to support	
Shareholder Rating	A+/ Stable
Shareholder regulation	Equalised
Relative size	Equalised
Country risks	Equalised
Shareholder propensity to support	
Role in group	Equalised
Reputational risk	Equalised
Integration	1 Notch
Support record	Equalised
Subsidiary performance and prospects	1 Notch
Legal commitments	2+ Notches

The colours indicate the weighting of each KRD in the assessment.
Higher influence Moderate influence Lower influence

EI's IDRs reflect Fitch's view that EI is a key and integral subsidiary of its 99.9% shareholder, ENBD. In turn, ENBD's IDRs are based on potential support from the UAE authorities, if needed. In Fitch's view, this support would flow through to EI given EI's role and record in the group (offering retail, SME and corporate Islamic finance services), the very high reputational risk to ENBD of an EI default, as well as the CBUAE's inclination to favour support as EI operates in the same home market as ENBD.

Fitch also believes that any required support would be immaterial given EI's small size relative to the parent and particularly the sovereign. EI comprised about 11% of ENBD's consolidated total assets end-2024.

Environmental, Social and Governance Considerations

FitchRatings **Emirates Islamic Bank PJSC**

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

Emirates Islamic Bank PJSC has 1 ESG rating driver and 5 ESG potential rating drivers

- Emirates Islamic Bank PJSC has exposure to board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions which, in combination with other factors, impacts the rating.
- Emirates Islamic Bank PJSC has exposure to compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security) but this has very low impact on the rating.
- Emirates Islamic Bank PJSC has exposure to shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices but this has very low impact on the rating.
- Emirates Islamic Bank PJSC has exposure to operational implementation of strategy but this has very low impact on the rating.
- Emirates Islamic Bank PJSC has exposure to organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership but this has very low impact on the rating.
- Emirates Islamic Bank PJSC has exposure to quality and frequency of financial reporting and auditing processes but this has very low impact on the rating.

			ESG Relevance to Credit Rating
key driver	0	issues	5
driver	1	issues	4
potential driver	5	issues	3
not a rating driver	3	issues	2
	5	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Business Profile (incl. Management & governance); Risk Profile; Asset Quality	1

How to Read This Page
ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.h scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities: SME and community development programs; financial literacy programs	Business Profile (incl. Management & governance); Risk Profile	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security)	Operating Environment; Business Profile (incl. Management & governance); Risk Profile	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Business Profile (incl. Management & governance)	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	3	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices	Business Profile (incl. Management & governance); Financial Profile	1

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy	3	Operational implementation of strategy	Business Profile (incl. Management & governance)	5
Governance Structure	4	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Business Profile (incl. Management & governance); Earnings & Profitability; Capitalisation & Leverage	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile (incl. Management & governance)	3
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Business Profile (incl. Management & governance)	2
				1

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

As an Islamic bank EI needs to ensure compliance of its entire operations and activities with sharia principles and rules. This entails additional costs, processes, disclosures, regulations, reporting and sharia audit. This results in a Governance Structure relevance score of '4' for the bank, which has a negative impact on the bank's credit profile in combination with other factors.

In addition, Islamic banks have an ESG Relevance Score of '3' for exposure to social impacts, above sector guidance for an ESG relevance score of '2' for comparable conventional banks, which reflects certain sharia limitations being embedded in Islamic banks' operations and obligations, although this only has a minimal credit impact on the entities.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visithttps://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.