



NINTH ANNUAL REPORT | FINANCIAL YEAR 2016

REALIZE YOUR DREAMS



REALIZE YOUR DREAMS

The UAE takes pride in maintaining its flourishing civilization that is deep rooted within the land that blossomed from a vast desert. However, these roots will always have significance in the fruitful present of our nation and in its strongly anticipated future. This is what allowed the UAE to dream on such a substantial scale, and this is what we strive to practice. We believe in dreams, but we believe even more in turning those dreams into a reality.

At dunia, we understand that every person is different and has a unique dream. We see the person in every customer and strive to maximize their potential as they move closer to realizing their dreams.

Our role is to help every customer stay ahead while we support them every step of the way. This is the dunia difference.

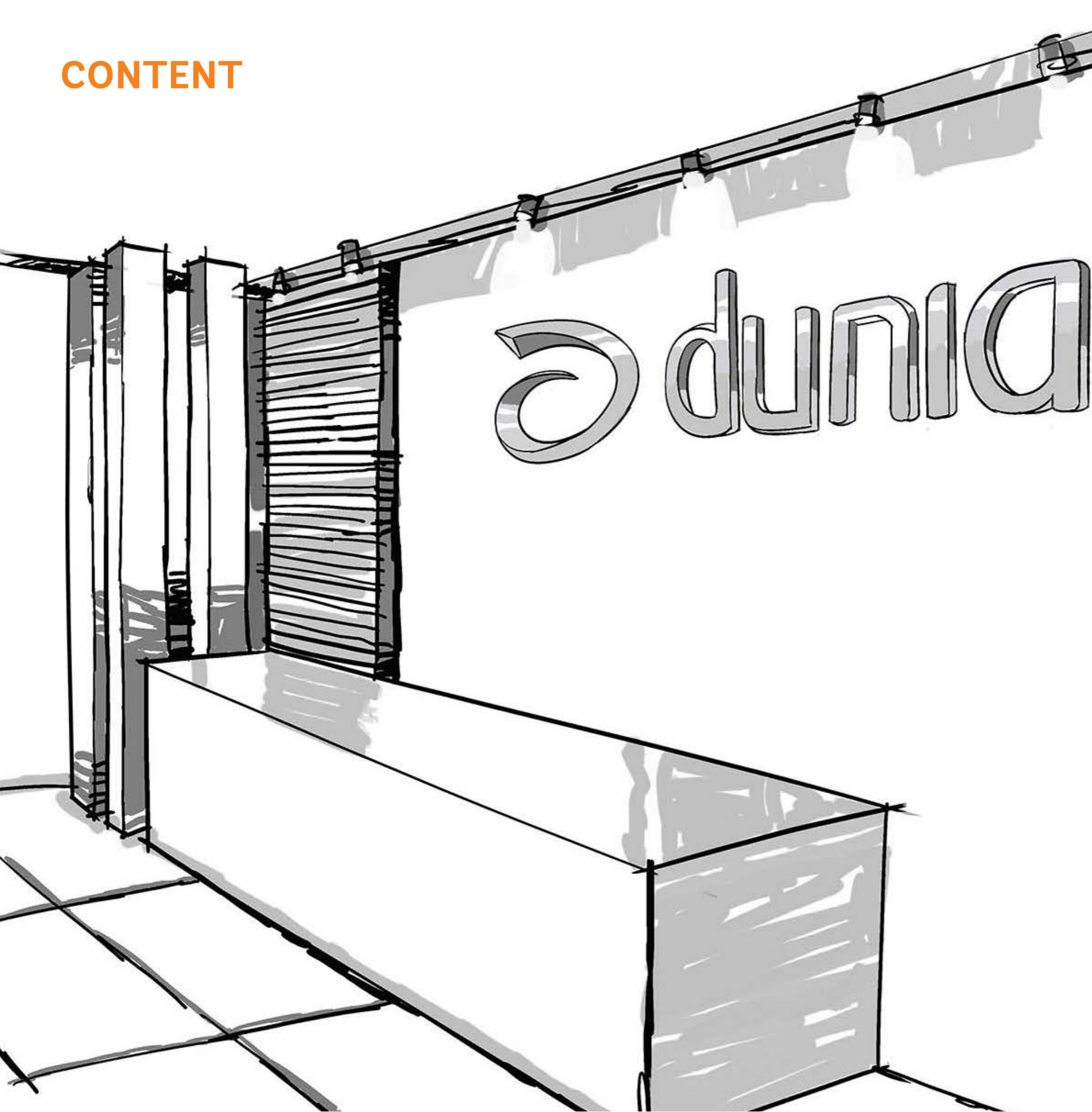
Dream big...and we will help you realize your dreams.

We're dunia. We do things differently.

we're different.



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SALEM RASHID AL NOAIMI

CHAIRMAN

“At dunia, success is when we enable our customers and our communities to grow and realize their dreams.”



RAJEEV KAKAR

MANAGING DIRECTOR
& CEO

“We are driven by our passion and commitment to be truly customer centric. Our *can-do* culture and early strategic investments in critical drivers has empowered us to help our customers realize their dreams. We are focused on delivering with excellence, and ensure a unique, consistent, differentiated and enriching experience at all times.”





CHAIRMAN'S MESSAGE

Resilience in a challenging market

Against the backdrop of a very challenging macro-economic environment, dunia has taken proactive steps to ensure that the business weathers a cyclical downturn in the financial sector and is well positioned for future growth.

The company has expanded impressively over the last seven years, with the loan book growing at 41.4% CAGR between 2009 and 2016. The business has succeeded in filling a significant gap in the UAE financing market.

As market conditions turned, the company's management team adopted a cautious approach to credit extension and adopted a conservative policy on provisioning. Meanwhile, dunia has retained its emphasis on deposits, and has ensured that costs are maintained at a sustainable level. As a consequence, growth in net interest income slowed to 3% in 2016, while customer deposits expanded 7.2%. Despite higher provisioning, the company reported a net profit of AED 71.3 million.

Notably, by reducing the cost-to-income ratio to 13.8% in 2016, from 27.7% in 2015, dunia remains nimble. The company is already a major force in the financial services industry, with over 255,000 customers, and is in a strong position to take advantage of growth opportunities as market conditions improve.

The board of directors continue to have full confidence in the company's management team, and its strategy, especially given the strong long-term fundamentals of the UAE economy and dunia's track record in establishing and growing a robust business.

On behalf of the board, I would like to express my appreciation for all the customers, depositors and business partners of dunia for the trust that they have formed with the company. Our priority remains to build and nurture our long-term partnerships. I would also like to take this opportunity to thank the management team and all employees of dunia for their hard work and commitment to building a true leader in the financial services industry.

Yours sincerely,

Salem Rashid Al Noaimi
Chairman

CEO'S MESSAGE

Succeeding with resilience

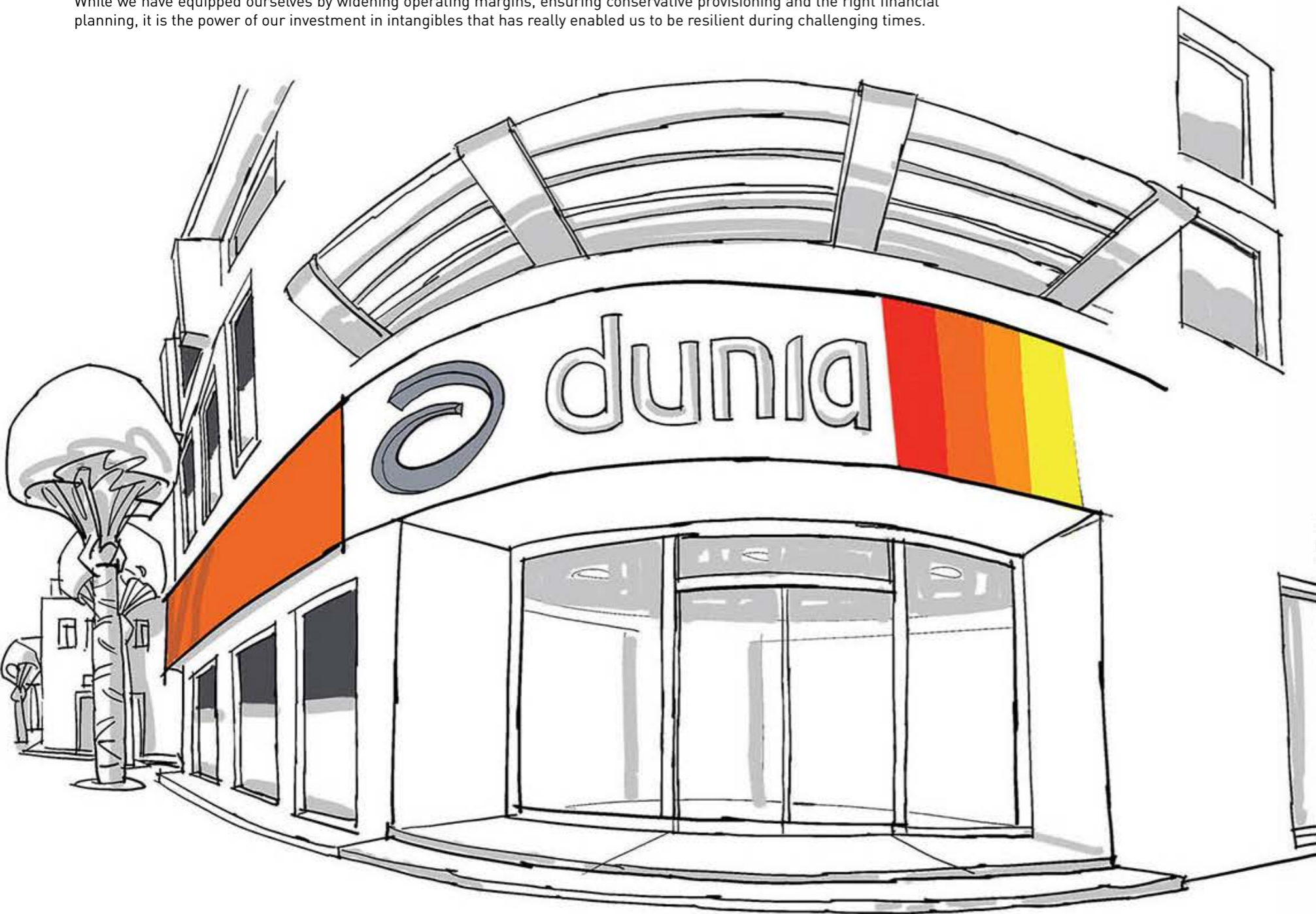
2016 continued to remain a challenging year with the global markets witnessing slow growth owing to macro-economic stress driven by political uncertainty, reduction in commodity and oil prices and an overall decrease in confidence in the global banking environment. Despite these volatilities which led to an environment characterized by lower confidence, reduced employment, lower consumption and increased pressure on businesses, dunia's performance, just like that of the UAE, has been resilient.

At dunia, we did expect to face pressure as a backlash of monetary stimulus around the world and the tense market sentiments, as a result of which we were able to adequately prepare ourselves to deliver yet another resilient performance. Resilience has been built into the design of dunia right from inception and the result of this is consistent performance over the last nine years during both good times and challenging times. With the right design, at dunia, we have built a business where our investment during good times has helped us absorb shocks in tough times and yet deliver predictable, profitable and sustainable results.

While we have equipped ourselves by widening operating margins, ensuring conservative provisioning and the right financial planning, it is the power of our investment in intangibles that has really enabled us to be resilient during challenging times.

RAJEEV KAKAR

MANAGING DIRECTOR
& CEO



Touching lives of customers with empathy

We understand that the market forces not only impact businesses but also the lives of all our customers. During these times when even businesses are under pressure to achieve results and tend to cut back on services, at dunia we believe that it is the time to invest in our customers and increase service levels. True to our core value of being customer centric, we pride ourselves in never diluting these standards during stress. Over the year, we have increased our service levels, communication channels and ensured that we are in constant touch with our customers, to guide them every step of the way through their challenges. In line with this approach, we proactively identify areas where we can make the lives of our customers easier to better equip them to face challenges in stressful situations. One such initiative is the debt counselling session where we invited dunia customers and customers of any bank to walk into our offices to meet with specialists who guided customers to ease their monthly payments. This personal, human touch is the dunia difference.

Driving performance through investment

Social media, mobility, analytics and big data have also been key drivers of dunia's customer centric approach. In 2016, we continued to invest heavily in our technology and analytics capabilities. With the Al Etihad Credit Bureau being in existence for over two years, we further enhanced our data analytics capabilities by leveraging data available in the credit bureau in addition to demographic, usage and behavioural data of customers using our proprietary big data and analytical models. This helped us uniquely identify and differentiate customers who were well intentioned but temporarily unable to service their debts and provide personalized service and customized solutions to help them manage their finances better. This enabled us to stay closer to our customers, to help them in the best way possible. With this approach, we at dunia, were also better equipped to prudently provision for losses and were able to create resilience to absorb shocks in the external environment.

Through our digitization efforts, we have enabled customers to leverage our mobile platforms to get instant access to information and benefit from better service. Customers can transact anytime, anywhere through dunia's range of mobile apps and even receive support to grow their business through some of dunia's other digital platforms. Digitization has not only enabled us to acquire and engage with customers in a personalized manner, but has also helped us bring down our cost of doing business, which is evident in our Cost/Income ratios reducing significantly.

We have remained ahead of the market through initiatives that are relevant to customers and designed in a manner such that we transform from the core, thereby, increasing the likelihood of success and adoption by customers. For this purpose, we have leveraged new evolving technologies under areas of Social Media, Mobility, Big Data, Analytics and Cloud that are in line with current customer awareness and adoption of these solutions, while ensuring that our business model remains robust despite rapid growth and transformation. All these initiatives have been backed by the highest standards of governance and assurance, to ensure that customers have peace of mind knowing that they are always ahead with dunia while also benefiting from their concerns on confidentiality and security being addressed.

Resilient financial performance through prudent planning

dunia recorded a strong financial performance in 2016 which is testament to a business model that is designed to deliver results that are predictable, profitable and sustainable. With prudent loss recognition and impairment reserves we have grown positively and declared dividends in a challenging year.

- 11.6% y-o-y growth in revenue, to AED 806.8 million
- Sixth year of profitability, with net income of AED 71.3 million
- AED 42.0 million dividend paid for 2016 (sixth year of dividend track record)
- 20.9% y-o-y growth in customer base, to 254.7k customers
- 7.2% y-o-y growth in customer deposits, to AED 1.3 billion
- Cost-income ratio further reduced to 13.8% (resulting in 56.0% positive Operating Leverage)

Strategic risk management

The period between 2010 and 2015 saw massive monetary stimulus globally, which led to the availability of increased low-cost liquidity and funding. We, at dunia, as part of our strategic risk management focus ensured that, despite the availability of excess liquidity, we ensured that we maintained strong internal discipline of rightly pricing both risk and capital. With this approach, we designed our business in a manner where risks are priced in over the lifetime of the assets, providing us a healthy cushion against the crises, both in the form of increased long term liquidity as well as wider operating margins to absorb the higher provisions required for the stress conditions

Being the first users of the Al Etihad Credit Bureau, with 100% penetration of our customer base, in 2016, we further invested in developing new scorecard based approaches to leverage the available bureau data to make better quality decisions based on data. We extensively use data in the decision making process, in the areas of credit, revenue, marketing and cross-sell purposes as it allows us to understand and fulfill our customer needs in a straight through manner.

Strategic cost management

dunia's approach to managing costs is strategic in that, we manage cost by investing in people, process, technology and external resources such as the credit bureau which help us manage costs by intelligently increasing revenue and response while reducing risk. Through our investments in technology, analytics and digitization, we have been able to drive greater service levels through straight through processing and also greater efficiencies in our expenses. This is reflected in our cost to income ratios reducing to 13.8% in 2016. This strategic cost management focus has allowed us to absorb some of the shocks and yet deliver strongly.

Robust business model validated by credible third parties

As a testament to our robust business model, international rating agency, Fitch, affirmed dunia's Long Term Issuer Default Rating (IDR) at 'BB' after upgrading dunia's credit rating from 'BB-' to 'BB' in 2015. dunia's short-term IDR was affirmed at 'B', while its long-term IDR outlook was confirmed as stable.

Building dunia's Human Capital

In an environment that has witnessed downsizing of staff and reduced employment across sectors, we in dunia have been different. We have used this period to invest in building our human capital as we believe that it is our team of bright, knowledgeable and talented people that positions us to better manage challenges and realize associated opportunities that typically appear in stress situations. With our continued focus on building our talent pool, we have deeply increased our quality of staff who are focused, passionate, energetic, drive execution excellence and work with integrity. With these qualities, there is a true sense of ownership and commitment to deliver business results even when there is a stress in the market. Our approach to investing in people even during challenging times has paid off in that, our people go the extra mile to drive our business results with ownership. Aptly supporting this, is a carefully instituted culture where our people have the freedom to be innovative and disrupt the status quo for positive change in an environment where it is safe to fail.

We focus on creating a culture where people are given all resources to succeed. Our people are trained and encouraged to build skills and improve their performance continuously, given accountability early and stretched by exposure to complexity, so that they are developed to raise their potential. It is through this focus on improving performance and raising potential continuously that we build true Human Capital that have the skills and knowledge to create value that people and our customers are willing to pay for. It is this continuous approach of 'empowering people, to enable their success, so that they enrich their lives and that of other stakeholders', that has helped make the dunia difference where our people are our true 'Human Capital' and not just 'Human Resources'.

Growing the community as we grow

We believe that we have a responsibility to the community around us and we have a deep desire to positively impact the lives around us, be it customers, youth or the community at large. At dunia, we also understand that for us to grow, it is important to also enable the community around us to grow and this understanding is what drives every action of ours. Some of our key initiatives under this objective are targeted at shaping young minds, empowering through education and spreading knowledge in the community. Our dunia Cares platform provides the momentum for the vast majority of our activities in this area. During the year we delivered a number of important initiatives, including the Dunia Young Business Leaders Program, Dunia Young Leaders Scholarship Program, Dunia Emirati Leaders Scholarship Program, dunia Knowledge Series as well as blood donation drives and social welfare initiatives. Through these initiatives, we were able to empower people, enable their success and enrich their lives.

Recognized for excellence

The dunia difference and commitment to excellence has been recognized over the last nine years with a number of respected awards and acknowledgements. 2016 saw the addition of more such acknowledgements, such as:

- dunia received the "Dubai Endowment Sign" from the Mohammed Bin Rashid Global Center for Endowment Consultancy in recognition of the Dunia Young Business Leaders Program

- The Indian Institute of Management Ahmedabad (IIMA) published a case study about dunia's journey of building the dunia brand and providing a unique customer experience through innovative marketing communication and advertising strategies.

- The Forbes Middle East recognized us in The Top 50 Business Leaders in the Arab World, ranked 15.

- dunia signed the Dubai Declaration on Sustainable Financing in the United Nations Environment Program (UNEP) Finance Initiative's 14th Global Roundtable, making dunia the only finance company amongst banks to sign the declaration.

- dunia's Annual Report 2015 won the Platinum Award from the League of American Communications Professionals (LACP), ranked 15 worldwide.

- dunia's Sustainability Report 2015 won the Gold Award from the League of American Communications Professionals (LACP), ranked 23 worldwide.

Looking ahead

In 2017, while we continue to face headwinds, we as an institution have the strength and muscle to succeed owing to the discipline that we followed in 2016, the timely investment in people, process and technology, the commitment and grit of our people and the support of our shareholders and regulators. While we remain resilient due to our investment in good times, the result of this investment in our customers, service, talent and the community will enable us to be the fastest to realize opportunities when the market recovers. We will realize these opportunities by focusing on partnerships, expanding in scale, expanding in scope and continuing to transform from the core, all this while remaining insurgents who are customer-centric. As we look ahead into the year, we are determined to give back to the UAE and realize our dream of empowering people, enabling success and enriching lives.



Rajeev Kakar
Managing Director & CEO

SHAREHOLDERS



Fullerton Financial Holdings (FFH) invests in and operates financial institutions in emerging markets. We create shareholder value by differentiating through great people, disciplined development and execution of unique business models that focus on the mass market and SME customer segments. FFH is a wholly owned subsidiary of Temasek Holdings (Private) Limited, an investment company based in Singapore. As at 31 December 2015, FFH's total assets stood at SGD 39.8 billion. As at 31 December 2016, its portfolio includes investments in 9 financial institutions located in 8 countries.

www.fullertonfinancial.com



Established and owned by the Government of Abu Dhabi, the company's strategy is built on the creation of partnerships and on long-term, capital intensive investments that deliver strong financial returns, contribute to the growth and diversification of Abu Dhabi's economy, and create opportunities for current and future generations in United Arab Emirates. Mubadala brings together and manages a multi-billion dollar portfolio of local, regional and international investments and partners with leading global organizations to operate businesses across a wide range of industry sectors. These include aerospace, semiconductors, metals & mining, oil & gas, renewables, information & communications technology, healthcare, real estate & infrastructure, utilities and defense services.

www.mubadala.com

dunia is a privately held financial services company launched in 2008. Its shareholders are Fullerton Financial Holdings, Mubadala, Waha Capital and A.A. Al Moosa Enterprises.



Waha Capital is an Abu Dhabi-listed investment company that offers shareholders and third-party investors exposure to high-potential opportunities in diversified asset classes. The company manages assets across several sectors, including aircraft leasing, healthcare, financial services, energy, infrastructure, industrial real estate and capital markets. Through its Principal Investments unit, Waha Capital has established a strong investment track-record, deploying capital in sectors that display robust demand fundamentals and that have been prioritized by governments in the Middle East and North Africa region. The company has also built a strong capability in managing global and regional credit and equity portfolios, which have enhanced the diversification and liquidity of Waha Capital's balance sheet. The excellent performance of the company's direct investments and capital markets portfolios has laid the foundations for the launch of an asset management business aimed at third-party investors. Established in 1997, Waha Capital benefits from a roster of prominent local shareholders that includes Mubadala Development Company, and a distinguished board, chaired by H.E. Hussain Jasim Al Nowais.

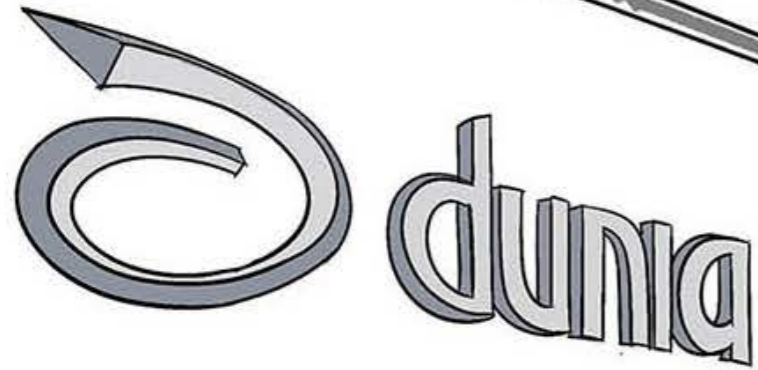
www.wahacapital.ae



A.A. Al Moosa Enterprises LLC, also more familiarly known as the Arenco Group, is one of the leading and prominent local business groups in the UAE, with business interests spanning real estate, hotels, architectural design, manufacturing, services and trading. Set up in 1971, the group has its corporate headquarters in Dubai, with business interests in all emirates and beyond. The group continues to rapidly grow in its various businesses as a service oriented group and looks forward to its diversification into financial services through its interest in Dunia Finance LLC.

www.aaagroup.com

BOARD OF DIRECTORS



SALEM RASHID AL NOAIMI
CHAIRMAN



RAJEEV KAKAR
MANAGING DIRECTOR
& CEO



DR. AHMED AL-MUTAWA
INDEPENDENT DIRECTOR



GAN CHEE YEN
DIRECTOR



OMAR ERAIQAT
DIRECTOR

BOARD OF DIRECTORS



SALEM RASHID AL NOAIMI
CHAIRMAN

Salem Rashid Al Noaimi is Waha Capital's Chief Executive Officer and Managing Director. Mr. Al Noaimi has led Waha Capital since 2009, overseeing the company's strategic transformation into a leading investment company, managing proprietary and third-party assets. Previously, he served as the Deputy CEO of Waha Capital, and CEO of Waha Leasing. Earlier in his career, Mr. Al Noaimi held various positions at Dubai Islamic Bank, the UAE Central Bank, the Abu Dhabi Fund for Development, and Kraft Foods. He serves on the board of a number of companies, including New York-listed AerCap Holdings, Abu Dhabi Ship Building, Dunia Finance, Siraj Finance, and Anglo Arabian Healthcare. Mr. Al Noaimi is a UAE national and holds a degree in Finance and International Business from Northeastern University in Boston, USA.



DR. AHMED AL-MUTAWA
INDEPENDENT DIRECTOR

Dr. Ahmed Khalil Al-Mutawa is a respectable academic professional, as he progressed in his academic career since he held his B.A. in Economics from Cairo University in 1978, M.A. in Economics from University of North Carolina in 1981, and Ph.D. in Economics, Georgetown University, Washington, D.C. in 1991. As a professor, he held the position of the Chairman of the Economics Department, and in 1997 became Deputy Vice Chancellor for Planning (DVCP), UAE University. Dr. Al-Mutawa had occupied many important business positions, among them: Executive Director, Al-Mustaqbal Economic & Strategic Consultations; Strategic Development Director at Maritime & Mercantile International; and the Secretary General of Gulf Organization for Industrial Consulting (GOIC); the CEO of Khalifa Fund for Enterprise Development; and currently the Executive Chairman of GFH Capital at DIFC. Dr. Al-Mutawa has been a member of many Associations, Organizations and several Boards of Directors on both local and international levels. He won the award for 'Industry CEO of the Year 2005'. He has several international publications on economic and strategic matters.



RAJEEV KAKAR
MANAGING DIRECTOR
& CEO

Rajeev is the Founder Managing Director and CEO of dunia. He is also one of the original five senior founding members of the global Fullerton group and has been a member of the Fullerton Global Management Board since inception. Rajeev was also the Executive Vice President and Regional CEO for CEEMEA region for Fullerton Financial Holdings (Fullerton), a 100% owned subsidiary of Temasek Holdings, in Singapore. In this role, Rajeev also headed the Consumer Banking businesses globally for all its Bank and Financial Services Investments and Holdings. Rajeev has over three decades of experience in banking. He joined Fullerton in 2006, and prior to that, worked with Citibank N.A. for two decades, based in various geographies, between 1987 and 2006 - and his last role was the Regional CEO & Division Executive for Citibank's Global Consumer Bank, managing the Turkey, Middle East and Africa region. Forbes Middle East has consistently recognized Rajeev as being part of the "Top Indian Leaders in the UAE" annually from 2013 to 2017. From 2010-2014, Rajeev was annually recognized in the Arabian Business' "GCC Power List India Top 100". In 2009, Rajeev received ITP's "CEO of the Year" Award for Financial Services in the Middle East. Rajeev has completed his Mechanical Engineering from the Indian Institute of Technology (IIT) in Delhi in 1985 and his MBA from the Indian Institute of Management (IIM) in Ahmedabad in 1987. Rajeev has held several board positions including as a member of the Global Management Board of Fullerton in Singapore, the Director on the Board of "Fullerton India Credit Company Ltd" (FICC) since 2009 and the Chairman on the Board of "Fullerton Securities & Wealth Advisors Ltd" (FSWA) since 2008. Rajeev is currently a member of the Global Advisory Board for the University of Chicago Booth School of Business. He is also a member of the Global Advisory Board of the Association of External Search Consultants, USA since 2012, the Industry Advisory Board of SP Jain School of Global Management since 2011 and the Indian Institute of Management (PAN IIM Network) Alumni Board in the UAE, since 2011.



GAN CHEE YEN
DIRECTOR

Gan Chee Yen is a Director on the dunia Board and the CEO of Fullerton Financial Holdings (FFH) in Singapore. Prior to his current appointment, Gan was the Co-Chief Investment Officer and Senior Managing Director, Special Projects at Temasek International. He joined Temasek in May 2003 as CFO and has since served in various investments roles as a member of the senior management team in Temasek. The investment clusters he has led included the Financial Industry portfolio and the Transportation and Logistics portfolio, before he took on the role of Co-CIO of Temasek where he anchored several successful investments. He has also completed his stint as Head of China market. Gan has served on the boards of several companies including Neptune Orient Line, a global shipping company and has been a board member of FFH and a board commissioner of Bank Danamon since 2003. He also sits on the board of ACR Capital Holdings Pte. Ltd., a pan-Asia focus reinsurance group, and Surbana Jurong Private Limited, Asia's consultancy company for urbanisation and infrastructure developments.



OMAR ERAIQAT
DIRECTOR

Omar Mohamed Eraiqat is a Senior Principal in Mubadala's Credit Investment Department, with dual responsibility for identifying, structuring and executing global credit-related investments, as well as managing a number of Mubadala's existing investments. Previously, Omar was in Mubadala's Specialty Finance unit, responsible for the development and growth of the joint venture between Mubadala and GE ('MGEJ JV') that co-invests globally in a variety of asset classes in the credit space. During this time, Omar was instrumental in supporting the growth and strategic development of MGEJ, which reached \$5 billion of AUM, mostly investing in leveraged loans and real estate financing. Omar's role as asset manager was vital in achieving an independent investment grade rating for MGEJ and in the subsequent issuance of the inaugural \$500 million senior unsecured bond. Omar joined Mubadala in 2007 as a member of the company's Structured Finance and Capital Markets Department, where he worked on structuring and executing a number of complex transactions in a range of industries across Mubadala's units and subsidiaries. He was a key member of the core team that completed the recapitalization of National Central Cooling Company PJSC in 2011, one of the first major successful restructurings of a publicly listed company in the UAE. Omar has also held positions with HSBC and Abu Dhabi Investment Company. He currently sits on the Board of Directors of a number of organizations, including: Abu Dhabi Finance (where he is also the Chairman of the Audit Committee); Dunia Finance (also serves as the Chairman of the Employee Remuneration Committee); and Mesiraw Investment Management Partners. Omar holds a Bachelor's degree in Finance and Marketing from the American University of Sharjah.

MANAGEMENT TEAM



MANAGEMENT TEAM

RAJEEV KAKAR

MANAGING DIRECTOR & CEO

Rajeev is the Founder Managing Director and CEO of dunia. He is one of the original five senior founding members of the global Fullerton group and has been a member of the Fullerton Global Management Board since inception. Rajeev was also the Executive Vice President and Regional CEO for CEEMEA region for Fullerton Financial Holdings (Fullerton), a 100% owned subsidiary of Temasek Holdings, in Singapore. In this role, Rajeev also headed the consumer banking business globally for all its Bank & Financial Services operations in Pan-Asian markets of China, India, Indonesia, Malaysia, Pakistan, Vietnam, Russia, and the UAE. With over three decades of experience in the banking industry, Rajeev has worked in several global markets, especially in the high-growth, emerging CEMEA and ASIA-PACIFIC countries. During his career, he has managed several business turnarounds, launched start-ups, and has a proven track record of running established businesses successfully. Between September 2003 and January 2006, he was the Regional CEO & Division Executive for Citibank, managing the rapidly growing, volatile and complex Turkey, Middle East & Africa region (TMEA), based out of Dubai, UAE. Earlier, in July 2002, Rajeev was Citibank's CEO for the Turkey & Egypt cluster, based out of Istanbul, Turkey. Prior to that, in 2000, he was the CEO for Citibank in Egypt, where he launched its Consumer bank, as the first in the market. This enterprise was recognized as one of the best franchises in the Citigroup world for having delivered the fastest break-even in Citigroup's history. In 1998, Rajeev founded a new green-field Joint Venture Captive Finance company, between Citigroup & Suzuki (Maruti), the largest car manufacturer in India at the time, which grew on to become the market leader. Forbes Middle East has consistently recognized Rajeev as being part of the "Top CEOs in the Arab World" in 2014 & 2015 and the "Top Indian Leaders in the UAE" annually from 2013 to 2017. At ITP's Awards 2013, he received the "CEO of the Year" Award. From 2010-2014, Rajeev was annually recognized in the Arabian Business' "GCC Power List India Top 100". In 2009, Rajeev received ITP's "CEO of the Year" Award for Financial Services in the Middle East, in recognition for establishing dunia as a greenfield operation, amidst the global economic downturn. Rajeev has held several board positions including as a member of the Global Management Board of Fullerton in Singapore, the Director on the Board of "Fullerton India Credit Company Ltd" (FICC) since 2009 and the Chairman on the Board of "Fullerton Securities & Wealth Advisors Ltd" (FSWA) since 2008. Between 2010 - 2013, Rajeev was a Commissioner on the Board of Commissioners for Adira Dinamika Multi Finance Tbk, in Indonesia. Between July 2004 and February 2006, Rajeev was a member on the CEMEA Board of Visa International. Since 2009, he has been a member of the Global Advisory Board for the University of Chicago's Booth School of Business. Rajeev is also a member of the Global Advisory Board of the Association of External Search Consultants, USA since 2012, a member of the Industry Advisory Board of SP Jain School of Global Management since 2011 and a member of the Indian Institute of Management (PAN IIM Network) Alumni Board in the UAE, since 2011. Rajeev completed a Masters of Business Administration (MBA) in Finance and Marketing from the Indian Institute of Management (IIM) Ahmedabad in 1987. He also received his Bachelor of Technology in Mechanical Engineering from the Indian Institute of Technology (IIT) Delhi in 1985.

venu PARAMESHWAR

CHIEF FINANCIAL OFFICER

Venu has over 35 years of experience in banking and finance in a wide range of functions and countries including India, Australia, Korea, UAE and the UK. His previous roles include Portfolio Risk Manager - Citibank Australia, Treasurer - Citibank Korea, CFO and Treasurer - Citibank India, Regional Consumer Treasurer - Citibank CEEMEA and CFO - Citibank Turkey, Middle East and Africa. His last assignment was as the Consumer CFO for Citigroup EMEA across Citigroup's consumer business in Western and Central Europe and the Middle East. Venu is an Economics graduate from the University of Bombay and has completed his Master's in Business Administration from the Indian Institute of Management, Ahmedabad. He is also a Fellow member of the Institute of Chartered Accountants of India.

ALI HURBAS

STRATEGIC ANALYTICS HEAD

Ali started his career at AT&T Universal Card Services in Florida, U.S. in 1995, where he held various roles in Finance, Marketing and Card Analytics. In 1999, he joined First USA Bank, now JP Morgan Chase, as the Credit Policy Head for card acquisitions of core brand, in Delaware, U.S. In 2000, he returned to Turkey, joining Citigroup as the Credit Policy Head. Subsequently, Ali moved to the Strategic Analytics Unit of the bank. Prior to dunia, Ali was the Strategic Analytics Head of Citibank's Middle East region and responsible for consumer banking analytics, covering UAE, Bahrain, Egypt, Pakistan, while based in Dubai. Ali has an Industrial Engineering degree from Bogazici University in Turkey and an MBA from the University of Virginia's Darden School.

MANAGEMENT TEAM



MARIAM ELSAMNY

CHIEF MARKETING OFFICER

Mariam has over 20 years of experience in Retail Banking and Marketing. Her latest role prior to joining dunia was with Citibank, UAE as Marketing and Product Head handling the bank's retail products, marketing communication and internet channel. Mariam has handled several key startup businesses during her 9 year stint with Citibank – Citibank Egypt, UAE and Russia – as well as dunia. She is one of the founding management team members of the company. She was awarded the 'Women Achievement Award' at the World Women Leadership Congress in India in 2015. Mariam began her career with Procter & Gamble in Marketing. She is a double MBA holder from University of Chicago (2008) and from the American University in Cairo (1997).

SANJAY KAO

CONSUMER BUSINESS HEAD

Sanjay brings a wealth of experience and proven results in Consumer Banking across products and markets. Most recently, he was Head of Consumer Finance for RBS Asia, responsible for China, Taiwan, Hong Kong, Singapore, Indonesia, Malaysia, India and Pakistan. Prior to this, Sanjay held senior leadership roles with Citibank in Asia Pacific, based in Singapore and Indonesia, as also in Egypt, Thailand and India. Sanjay worked in the UAE from 2001 to 2003 as Head of Marketing with Mashreq Bank. Sanjay started his career with Unilever India as a management trainee, and worked for 7 years in sales and marketing roles. He holds a Business Management Degree from the Indian Institute of Management, Calcutta and a Bachelor of Technology in Chemical Engineering from Indian Institute of Technology, Varanasi.

BEN SCHUURMAN

CHIEF INFORMATION OFFICER

Ben joined dunia 4 years ago after a successful career with Royal Bank of Scotland (RBS) and earlier with ABN AMRO. He has over 31 years of experience in the banking industry, where he held senior global positions within the IT function. In his last role, he was the Regional Chief Technology Officer for RBS based in Amsterdam, responsible for the IT delivery across 21 countries. Prior to this, he held various senior roles as Chief Information Officer for RBS Asia and ABN AMRO Asia Pacific. He was the Global CIO for the Private Banking function and Head of Infrastructure Technology for ABN AMRO Europe between 2005-2007. Ben holds a degree in Marketing and Macroeconomics from the University of Groningen, Netherlands.

MUZAFFER HAMID

CHIEF OF OPERATIONS

Muzaffer is part of the founding team at dunia and has 20 years of experience in the Operations & Technology area. Prior to joining dunia, Muzaffer's last assignment was with Citibank Bahrain as the Chief Operating Officer covering all areas of Core Operations, Technology Management and Risk & Crisis Management. Muzaffer started his career with Citibank Dubai and then moved to Citibank South Africa in the Global Corporate & Investment Bank. During his time at Citigroup, Muzaffer was also part of the regional Audit & Risk Review team as a subject matter expert in the area of Operations & Technology Management. Muzaffer has an MBA degree from University of Sheffield specializing in Technology Management and a BBA in Banking & Finance.



MANAGEMENT TEAM



GURURAJ BALAKRISHNA

CHIEF CONSUMER CREDIT OFFICER

Guru was the first member of the dunia risk team having joined the organization in January 2007 and is currently dunia's Chief Consumer Credit Officer. He has over 23 years of experience in the Credit Risk function. He started his career with Citibank in India where he spent around 9 years and his last role in India was the Regional Head for Credit & Collections for the East region. He then moved to Citibank UAE and was the head of the collections function for 3 years. Guru has an MBA degree from TA Pai Management Institute (Manipal, India) and a Bachelor's degree in Science from Madras University, India.

MUSTAFA ERIM

CHIEF INTERNAL AUDITOR

Prior to joining dunia, Mustafa held the roles of Head of Audit for Barclays Africa (2010 - 2011) and Head of Audit for UK Retail Banking (2007 - 2010) in Barclays Bank PLC. Before that, he was a senior member of PricewaterhouseCoopers (PwC) in Turkey (1994 and 1999) and then in the UK (1999 and 2007). Mustafa is a Certified Internal Auditor (CIA) and holds an MBA from Warwick Business School, UK as well as a BS (Hons) Degree in Mathematics from the Middle East Technical University in Turkey. In addition, his credentials include the CIMA Advanced Diploma in Management Accounting, Certified Information Systems Auditor (CISA) and the Islamic Finance Qualification (IFQ) from the Chartered Institute for Securities & Investment (CISI).



JASSIM AL HAMMADI

HEAD OF STRATEGY AND SPECIAL PROJECTS

Jassim started his career as an economist for Citigroup in Dubai, UAE. Later, he was appointed as a partner in private equity fund for the MENA region by Islamic Development Bank and Gulf Finance House. Jassim was appointed as a director and advisor at A.T. Kearney, a US based global management consulting firm. During his tenure at A.T. Kearney, Jassim was appointed as a strategy and performance advisor to the Prime Minister's Office of the UAE. Later, in 2010, he was appointed as an economic strategy and policy advisor at the Executive Council, Government of Dubai. Jassim has a B.Sc. degree in Economics from Virginia Commonwealth University, Richmond, Virginia, U.S. and Masters in Strategic Management from University of Liverpool, UK.

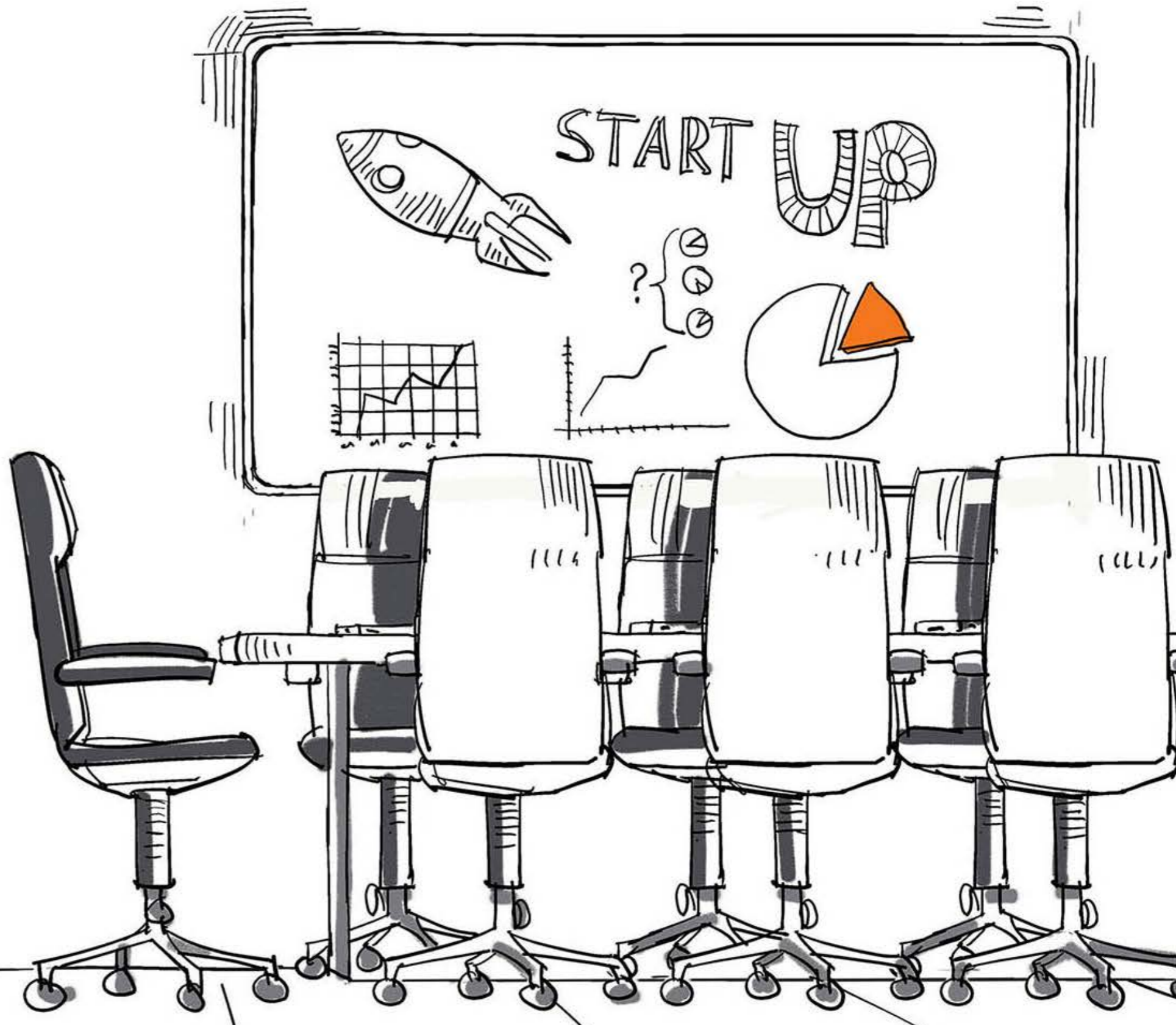
PRIYA DINKAR

HUMAN RESOURCE HEAD

Priya Dinkar has over 20 years of experience in leading the Human Resources function. Priya has led HR functions in start-up businesses as well as in established companies in the UAE and in India. Priya is one of the founding members of dunia. She has led multiple specialist HR functions such as Compensation and Benefits, Organization Design and Recruitment in dunia prior to taking over as the Head of HR. Prior to joining dunia, Priya was the Director of HR at Conexant Systems in India, a NASDAQ listed Technology Company. Priya received the 'Women Super Achiever Awards' by World HRD Congress in 2016. Priya is a Post Graduate Diploma in Business Management from Institute of Management Technology and holds a Master's degree in Psychology from University of Madras, India.

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AT DUNIA, WE DO THINGS DIFFERENTLY



WE'RE DUNIA...

A new dawn has risen over the UAE's financial district as one institution's passion continues to shine bright on the horizon.

Founded on a set of customer-centric beliefs and a strong vision, we pride ourselves on doing things differently. We're redefining the rules of the game...and just like how the UAE is changing the way the world sees the region, we're changing the way people see their finances. No more stress. No more uncertainty. No more long waits.

Welcome to a new age of finance. Welcome to dunia.

Our customers trust us because we make them feel comfortable about their financial challenges and show them there's no challenge that can't be overcome. From our personal approach in our branches to our tailor-made solutions, we always put ourselves in their shoes. It's this unique ethos and approach that helps make our customers and our business rise even higher. And we do all of this... with a smile on our face.

But it doesn't end there...

Our customer-centric set of principles needs a strong team of likeminded people to ensure that we all speak the same language. So in order to keep rising, we aim to attract the right talent. Their experience, personality, and passion for our business are carefully studied. They unlearn old habits and adopt new innovative ways to approach our business. We continue to teach them new things, and create a culture where our employees' careers are constantly being nurtured with the proper training and experience so they too can rise even higher. Now, we have the best financial experts in the region steering us in the right direction and we continue to invest in them, so they can continue to invest in us.

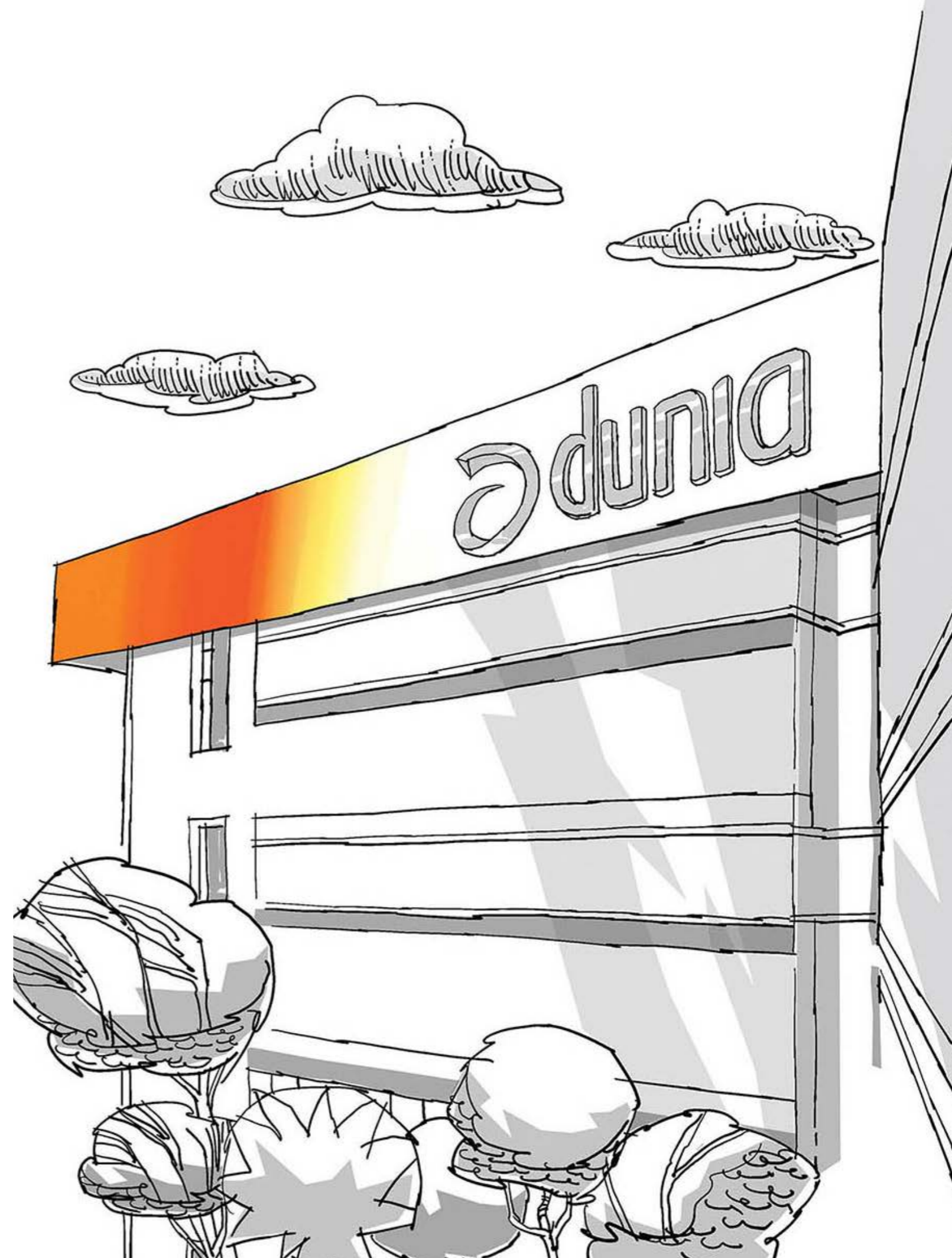
Today, our philosophy instills a culture that cements our reputation. Our customers, employees, and shareholders have confidence in us. But most importantly, they cherish our human approach to their needs as our years of experience continue to build trust and transparency. We believe our way of doing things is the future of finance. We are paving the way in the UAE's financial services sector with a different approach. An approach that puts our customers first. An approach that nurtures our talent. An approach that sustains healthy and profitable growth for our company. To our investors, we are on the road to profitability.

To our customers, we are easy to work with and experienced in solving their financial challenges. So, the next time you're looking for a financial service that's friendly, regulated, and has a proven track record...think of us.

We're dunia. We do things differently.

we're different.

Guaranteed



DUNIA... A WORLD OF OPPORTUNITIES

dunia means the **world** in 19 languages....

A world of opportunities

A world of smiles

A world of experiences...

A better world for our people, for our customers...

We believe in...

Our customer commitment

We proactively reach out to our customers and build meaningful relationships which make a positive impact in their lives. Our commitment is realized through listening and understanding their needs, and in the design and delivery of quality products and services. We treat them fairly and with respect.

The value of our people

We have empathy, mutual respect, trust and unconditional support for each other. We recognize the leadership potential in every individual and provide opportunities to learn and grow. We are a result oriented team and work together to achieve our goals and 'enable success'.

Serving the community

We serve our community by respecting their traditions and enriching their lives through our work, spirit of volunteerism and resources. We are a responsible player and believe action is better than words.

Striving for excellence

We have a passion to excel and strive for excellence in all that we do. We succeed when we have exceeded customer expectations. We encourage creativity and innovation and always "THINK BIG" to maximize our potential.

Our integrity and ethics

Integrity and ethics are the core of our value system and embedded in all that we do. We uphold dunia's reputation with pride, and conduct our business with all stakeholders, customers and regulators with the highest ethical standards, and transparency. We are accountable for our actions.

dunia was born as a result of a dream to make a difference. Designed on a set of customer-centric principles, we believe that we are better wired to truly understand our customers to nurture their dreams and help them realize their dreams. We believe that the world would be a better place if promises are kept and we pride ourselves in keeping promises. Our promise is to **empower people, enable success and enrich lives.**



WE REALIZE DREAMS BY RAISING OUR POTENTIAL

With a unique business model that is robust and agile and by putting our customers first in everything that we do, we have been able to achieve and surpass milestones that we set for ourselves. Every year, we raise our own potential to support our customers to realize their dreams.

Reaching greater heights

2016

2015

2014

2013

2011

2010

2009

2006-2007

2008

- Feb - dunia launches dunia Knowledge Series
- Mar - dunia hosts the second dunia Knowledge Series event
- Apr - dunia hires its 2000th employee
- Apr - dunia launches Dunia Young Leaders Scholarship for the Summer Business Scholars Program at The University of Chicago Booth School of Business
- May - Forbes Middle East ranks Rajeev Kakar, Managing Director & CEO of dunia, 15th in The Top 50 Indian Business Leaders in the Arab World in 2016
- Jul - dunia successfully completes the 4th edition of the Dunia Young Business Leaders Program
- Jul - dunia receives the "Dubai Endowment Sign" from the Mohammed Bin Rashid Global Center for Endowment Consultancy (MBRGCEC) in recognition of the Dunia Young Business Leaders Program
- Oct - dunia signs the Dubai Declaration on Sustainable Financing at the United Nations Environment Programme (UNEP) Finance Initiative's 14th Global Roundtable
- Dec - dunia launches cloud solutions for the SME segment
- Dec - dunia launches the duniaSME Mobile app

- Mar - University of Virginia's Darden School of Management publishes two additional case studies on dunia
- Apr - dunia re-affirms commitment to developing talent through education with the launch of the Dunia Emirati Leaders Scholarship Program and the Dunia Young Leaders Scholarship Program
- May - Forbes Middle East ranks Rajeev Kakar, Managing Director & CEO of dunia, 18 in the Top Indian Leaders in the Arab World in 2015 list
- Jun - dunia launches an innovative leadership program for students in collaboration with Cambridge International School
- Jul - dunia runs the third successful rendition of the award winning Dunia Young Business Leaders Program with a class of 56 students
- Oct - dunia signs the Dubai Declaration on Sustainable Financing at the United Nations Environment Programme (UNEP) Finance Initiative's 14th Global Roundtable
- Dec - dunia launches cloud solutions for the SME segment
- Aug - Fitch upgrades dunia's Long-term Issuer Default Rating (IDR) from 'BB-' to 'BB' reflecting dunia's strong financial performance and growth
- Oct - dunia launches the 'dunia Mobile' app
- Dec - dunia awards 39 scholarships to students as part of the Dunia Emirati Leaders Scholarship and Dunia Young Leaders Scholarship programs

- Jun - Forbes Middle East ranks Rajeev Kakar, Managing Director & CEO of dunia, # 17 in its Top Indian Leaders in The Arab World
- Jul - dunia's award winning Dunia Young Business Leaders Program runs its second successful rendition
- Sep - Fitch Ratings affirms Dunia Finance's Long-term and Short-term Issuer Default Ratings (IDR)-long term IDR affirmed at BB-Outlook Stable and short term IDR at B
- Oct - Arabian Business ranks Rajeev Kakar, Managing Director & CEO of dunia, in the GCC's 100 Most Powerful Indians 2014 list
- Nov - dunia launches 'Gold Award' in the League of American Communication Professionals (LACP) Award and is ranked 31 worldwide
- Dec - dunia publishes its first ever Sustainability Report

- Feb - Washington Post in the U.S. writes about dunia's home grown analytics model
- Jun - dunia launches Dunia Young Business Leaders Program
- Jul - Rajeev Kakar, Managing Director & CEO, recognized in Forbes Middle East list of 'Top Indian Leader in the UAE'
- Sep - dunia awarded for 'Innovation in Learning' at the Asian Learning & Development Leadership Awards
- Oct - Fitch Ratings assigns Dunia Finance a Long-term Issuer Default Rating (IDR) of 'BB-'
- Nov - Singapore Management University (SMU) publishes 2nd case study on dunia
- Dec - dunia ranked 5th in Gulf News' Best Practices in UAE

- Jan -800th employee joins dunia
- Mar -Image Cheque Clearing System (ICCS) implemented
- Aug -dunia achieves break-even
- Sep -dunia launches the Club-Apparel - dunia Credit Card
- Nov -Rajeev Kakar, Managing Director & CEO of dunia, recognized in 'GCC India Power List 2011' for 'Top 100 Indians' in the region
- Dec -dunia Academy introduces a wide range of training programs

- Jan -dunia ranked 5th in Gulf News' Best Practices in UAE
- Apr -Case study on dunia published by Singapore Management University
- Oct -Rajeev Kakar, Managing Director & CEO of dunia, recognized in 'GCC India Power List 2012' for 'Top 100 Indians' in the region
- Dec -University of Virginia's Darden School of Management writes a case study on dunia
- Feb -dunia records 305% growth in net profit through its customer centric approach
- Apr -dunia awarded "Excellence in Financial Reporting" for Annual Report FY 2011 amongst Mubadala entities
- Oct -dunia ranked 4th in Gulf News' Best Practices in UAE

- Jan -Al Wahada Branch opening
- Mar -Media City Branch opening
- Apr -Karama Service Center opening
- May -Naif Service Center opening
- Jun -Rolla Service Center opening
- Jul -Musalla Road Service Center opening
- Aug -National Paints Service Center opening
- Sep -Knowledge and Human Development Authority (KHDA) signs MOU with dunia
- Oct -dunia launches Wages Protection System (WPS) Payroll Solution
- Nov -Defense Road Service Center opening
- Dec -Musaffah Industrial Area Service Center opening
- Jan -Al Quoz Service Center opening
- Feb -Al Qusais Service Center opening
- Mar -Oud Metha Service Center opening
- Apr -dunia launches Commercial Auto Loans
- May -Dubai Outsource Zone Service Center opening
- Jun -dunia launches Flexi Loan Facilities
- Jul -Al-Ain Branch opening
- Aug -Khalidiya Service Center opening
- Sep -Rajeev Kakar, Managing Director & CEO of dunia, recognized in 'GCC India Power List 2010' for 'Top 100 Indians' in the region
- Oct -Moroor Financial Center opening
- Nov -Mussaffah Commercial Area Service Center opening
- Dec -dunia's 2009 Annual Report wins 'Honors Award' in International Mercury Awards

- Jan -dunia enters into partnership with MasterCard Worldwide
- Mar -dunia launches dunia Financial Planner
- Apr -dunia launches Durable Good Loans
- May -dunia launches dunia Credit Life
- Jun -Rajeev Kakar, Managing Director & CEO of dunia, recognized by HH Ruler of Sharjah for his special efforts in supporting and developing UAE Talent
- Jul -Launch of 'Kawader dunia' Emiratisation program, in partnership with SP Jain School of Global Management
- Aug -dunia launches Auto Loans
- Sep -dunia launches Car Cash-in Loans
- Oct -dunia wins award for 'Best Use of Technology' at Banker Middle East Industry Awards
- Nov -dunia signs agreement with Ministry of Finance to perform bank guarantee e-registration service
- Dec -dunia launches dunia Wallet & Life Guard Insurance
- Jan -700th employee joins dunia
- Feb -Rajeev Kakar awarded 'CEO of the Year - Financial Services' by CEO Middle East
- Mar -dunia launches dunia Diamond Credit Card
- Apr -dunia wins 'Special CSR Award' at the Arabian Business Achievement Awards

- Jan -First employee joins dunia
- Mar-Jul -dunia is conceptualized
- Sep'06 -Planning & blue printing phase to deliver a unique customer focused business model
- Aug'08

- May -100th employee joins dunia
- Jul -dunia incorporation
- Aug -Blue printing phase completed
- Sep -dunia open doors
- Oct -Hamdan Branch opening
- Nov -dunia launches Personal Loans
- Dec -dunia launches Corporate Deposits
- Jan -dunia launches dunia Credit Cards

WE MAKE STEADY PROGRESS...

At dunia, we translate our strategic vision into actionable goals which are cascaded throughout the organization to ensure that we achieve better and faster results as a team. With these goals spread across the dimensions of our balanced scorecard, we achieve success through a balanced approach that makes our business grow predictably, profitably and sustainably.

Franchise

- We have completed 8 years of successful operations in the UAE and built on the franchise. Today, dunia is a well-known and trusted brand that has lived up to its commitment of keeping promises.
- As a testament to our customer centric way of doing business, we have been consistently ranked in the top quartile in Gulf News' review of Customer Focused Organizations in the UAE. This is a tribute to dunia's focus on 'wowing' customers.
- We constantly innovate and ensure that we stay relevant by introducing financial and digital solutions that match rapidly evolving needs of our customers.
- We have built several strategic alliances for product innovation, brand building and increased customer acquisition.
- We have successfully positioned ourselves as a depository institution.
- Fitch has maintained dunia's credit rating of BB. This standalone rating reflects strong portfolio growth and track record, improved funding profile, solid financials, strong capital ratios and capable management. It also reflects the dunia brand's credibility in the external world.
- Six academic case studies have been written about dunia's unique business model, which has become a benchmark in leading business schools across the global. Through this, dunia has also set global benchmarks.
- We have one of the most widely distributed network of branches and financial centers in the UAE with a total of 18 financial centers.
- dunia's state-of-the-art 24-hour Contact Center offers full customer telephony integration, which is voice and IVR enabled and provides full function capability for sales, service, and transactions to ensure maximum customer access and convenience from anywhere, anytime.
- dunia's world-class internet banking platform provides 24-hour access with full flexibility and convenience.
- We have delivered a new level of convenience that enables our customers to communicate with us in the most natural way, by establishing a two-way communication channel via social media, instant messenger and mobile applications
- 'Doing Good While Doing Good Business' is an integral part of our identity and true to this, dunia successfully rolled out the Dunia Young Business Leaders Program, the dunia Knowledge Series, the Dunia Young Leaders Scholarship Program and The Dunia Young Leaders Scholarship for the Summer Business Scholars Program at the University of Chicago Booth School of Business with the objective of nurturing talent.
- dunia has a strong community focus through its "dunia Cares" Corporate Social Responsibility program and is widely recognized for the same.

Process

- Transparency and credibility are core to our design and we have ensured that our growth is predictable, profitable and sustainable through the implementation of world-class governance, risk management and compliance practices.
- We treat our customers fairly through responsible lending in a fair and transparent manner with full disclosure.
- We exercise risk management in all elements of credit cycle management. We focus on managing risks predictably and pricing our risks adequately.
- We have complied with all regulatory requirements in product and process design.
- dunia has put in place a well-defined and functioning corporate governance framework at both the Executive Management and the Board level.
- dunia has demonstrated excellence in its risk-managed, analytics-driven credit setup which is supported by our technology enabled and process led customer centric approach.
- We provide customers with competent, timely, error-free service 24 hours a day and 7 days a week.
- Remote channels at dunia allow us to provide multiple touch points to our customers. dunia is accessible anytime, anywhere.... whether it be our 24-hour dunia Contact Center, network of 18 financial centers, website which has the latest information on all our offerings, social media and digital platforms or dedicated Relationship Managers who are committed to customer delight.
- Our processes are regularly refreshed to address gaps, inefficiencies and cost drivers.
- Our high level of automation capabilities and digital solutions, reduces operational costs, enables straight through processing and rapid decision making.

...BY USING A BALANCED APPROACH

This balanced approach ensures that we closely track financial and franchise objectives, risk management, process evaluation and governance, human capital, and overall strategic initiatives. The balanced scorecard gives us a holistic view of our performance helps us refine our approach towards long term business sustainability with time.

People

- dunia is driven by a highly seasoned, diverse and entrepreneurial senior management team with multi - functional experience and expertise in multiple markets around the world.
- dunia has more than 2,000 employees.
- 91% of dunia staff are in customer facing roles enabling us to always be in sync with the evolving customer needs.
- Diversity is a management theme and not just a principle in dunia. Our diversity is represented by a healthy mix of gender, nationalities, diverse cultures and various backgrounds. dunia ensures bringing together this diverse team towards a singular objective of serving the customer.
- We are committed to growing the national talent pool. We run specialized programs under 'Kawader dunia' to develop UAE talent - Al Tamouh for fresh graduates, Al Waaed for part-timers and Al-Nukhba for experienced individuals.
- We also rolled out the Dunia Emirati Leaders Scholarship Program, awarding scholarships to the Emirati youth.
- We have ensured high employee morale and successful retention.
- Learning and development is a continuous process in dunia where we nurture employees to develop and grow throughout their career. This ensures that the most competent people are available to serve our customers. Our focus on development sees the increase in the potential of our people:
 - Total 2016 training hours: 31,208
 - Total 2016 training man-days: 3,901
 - 2016 training days / FTE: 1.9
 - 100% coverage of mandatory trainings - Code of Conduct, Information Security, and Compliance

Financials

- Proven strong performance in top line and bottom line figures.
- We have a healthy and strongly growing revenue line. We have focused on building a higher, better quality and more sustainable revenue base, with a higher percentage of it coming from secured assets.
- Cost to income ratio has steadily fallen to 13.8%. Expenses show a decreasing and predictable trend.
- Our growth is increasingly self-funded through granular deposit growth. We have raised over AED 1,260.4 million in deposits, while focusing on granular deposits with longer tenure to fund the asset side of the business.
- We have built a safer and more diversified mix of customer receivables.
- Efficiency ratios:
 - Expense/Average Net Receivables in 2016 stood at 5.6% versus 11.2% in the financial year 2015 (49.6% improvement)
 - Cost/Income in 2016 stood at 13.8% versus 27.7% in the financial year 2015 (50.2% improvement)
 - Loan Loss Reserve of 3.5% of customer receivables as on 31 December, 2016 creates adequate loss absorption capacity.

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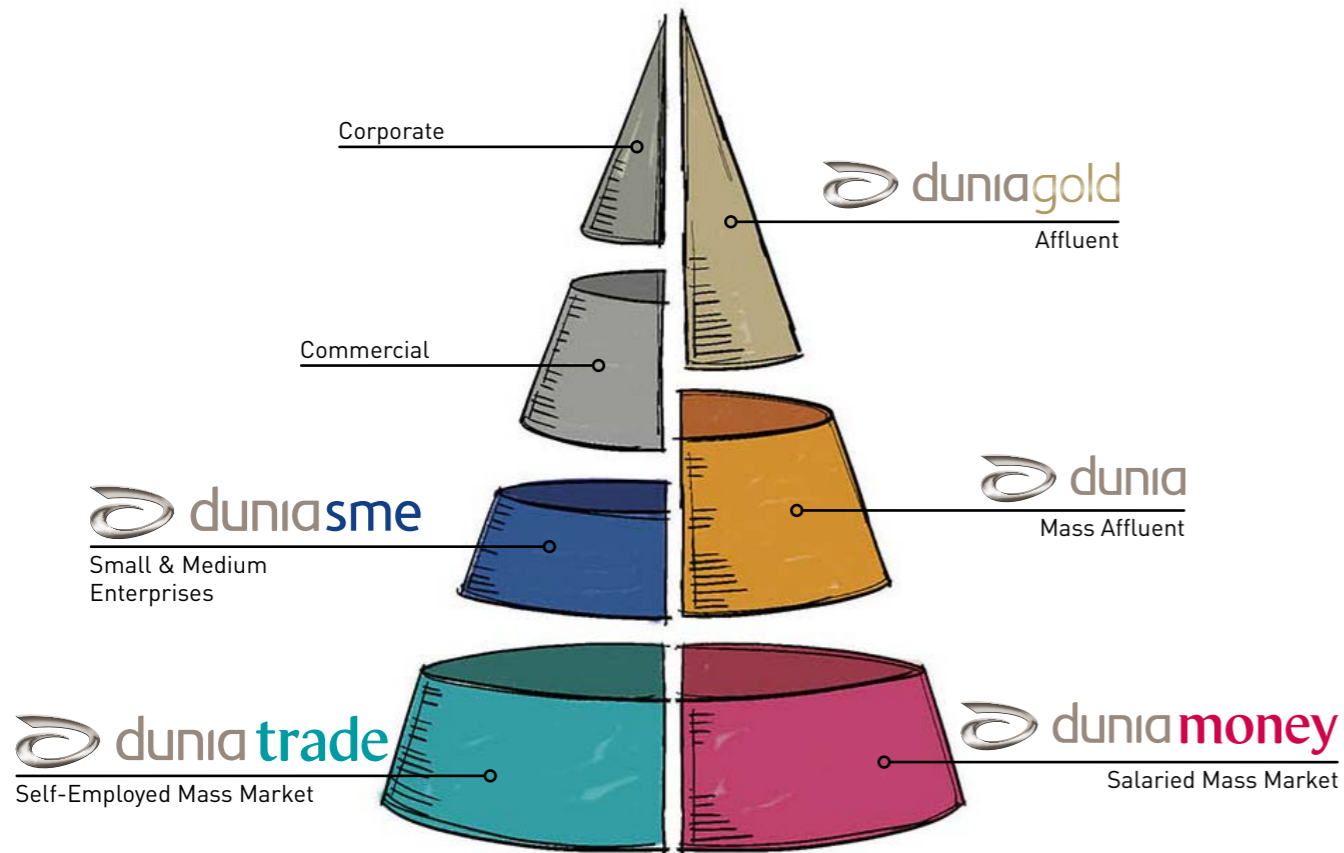
OUR DUNIA DIFFERENCE EMPOWERS PEOPLE TO SUCCEED



WE RECOGNIZE NEEDS...

We believe that every person is unique and we understand that each person has different needs and aspirations. At dunia, we see the person in every customer and cater to their needs with a human touch. With a deep understanding of the individual needs of each customer, our products, services and eco-system are designed to provide personalized solutions.

Our specially crafted customer segment-based model, enables us to provide holistic solutions that are relevant. Based on our understanding of the unique needs of each customer segment, we have designed a unique value proposition that is delivered by specialized teams, in a personalized manner. This also lays the foundation for superior customer experience and service.



...UNIQUELY FOR EVERY CUSTOMER...



dunia offers to its 'Mass Affluent' customer segment an array of financial solutions at their very doorstep. Professional expertise on every financial solution offered is ensured as a one-stop shop option to optimize valuable time and energy. dunia is designed to be a provider of a wide range of customized financial solutions through superior products, service and relationship experience based on respect, with easy access through an empowered Relationship Manager, alternative access channels for convenience and speed, to provide for a better lifestyle and future for self and family back home or internationally.



duniagold customizes elite solutions for the exclusive needs of its most 'Affluent' members of the community. While providing financial solutions that enhance their lifestyle, the state-of-the-art service ensures the speed and efficiency that is demanded by their evolving life and business interests. duniagold was built to be a provider of customized and tailor-made solutions that cater to the unique financial and lifestyle needs of affluent customers and meet their aspirational goals by providing a wide range of financial products and services, while delivering these with exceptional service and convenience through a single point of contact.



duniamoney was tailor-made to provide financial solutions to the 'Salaried consumers'. Simplification of processes ensures that even the most unique of financial needs are implemented rapidly, while specialized product solutions cater to the specific needs that are exclusive to this particular customer segment. duniamoney strives to offer a community based, superior service and relationship experience based on empathy and respect, while delivering customers with easy credit and simple savings products to meet their simple financial needs, in order to help them provide for a better future for self and family back home.



duniatrade was the answer to the most pressing financial need of the 'Self-employed consumers'. An often neglected and under-served section of society, this segment needs financial services that are legitimate, thereby steering them away from parallel, unreliable banking channels. duniatrade vows to be a caring community-based financial services provider designed specifically to serve the unbanked or under-served self-employed, through a superior relationship experience, empathy, respect, and convenient fast and easy access to credit for their business and personal needs, to help them grow their businesses and provide for a better future for self and family.



duniasme aims to be the strategic one-stop financial and transaction services provider for 'Small & Medium Enterprises' to help them grow and succeed fast and predictably, by providing holistic solutions for their transaction borrowing, savings and protection needs, backed by competent, timely and error free service, and world-class products that SMEs can leverage off for their business-related transaction intensive functions helping them gain the power to become increasingly mobile, collaborative, and flexible in their operating model, and able to access world class assets and capabilities, by marginally paying just for what they need, while benefiting automatically from constant innovations, upgrades, and the flexibility of being able to scale up or down easily, and are able to focus on their intrinsic competency and expertise of running their core business domain with high probability of success, as they serve their clients efficiently, reliably, and at a low cost, without needing to invest large capital expenses, or investing in sub-scale assets and talent, to empower them to enable the success of their clients and provide them with an enriching experience.

...AND PROVIDE SOLUTIONS THAT ARE CUSTOMIZED FOR THEM

Our suite of products and services have been designed around the customer. From the time a customer reaches out to us, the customer is analyzed 'through the door' to understand his or her needs at a granular level and craft a unique customized solution. At dunia, there is no one-size fits all approach. Our offerings are comprehensive and give our customers the confidence to reach out to dunia for any need, be it transaction, borrowing, saving, protection or business needs.

Individual Customers

dunia Credit Cards

A range of credit cards with benefits - reward programs and personalized benefits created for each unique customer.

dunia Personal Loans

Loans tailor-made to match your personal needs that include marriage loan, car loan, education loan, or a loan against property.

dunia Car Loans

Loans for new or used cars and car cash-in loans.

dunia Protection

Simple insurance products offering protection for cards and loans.

duniaQwik Services

Digital solutions to transact on the go.

Transaction Needs

Saving Needs

Borrowing Needs

Protection Needs

Corporate Customers

dunia Corporate Deposits

Corporate deposit accounts that help customers maximize returns on their business savings.

dunia Labour Guarantees

Issuance of financial and labour guarantees.

dunia Payroll Solutions

Payroll processing through Wage Protection System (WPS).

dunia Business Loans

Loans tailor-made to match business needs that include business loans, fleet financing and commercial vehicle loans.

duniaSME

Integrated business support solutions that offer advice and support business operations and growth.

duniaQwik Services

Digital solutions to enhance business growth and customer reach.



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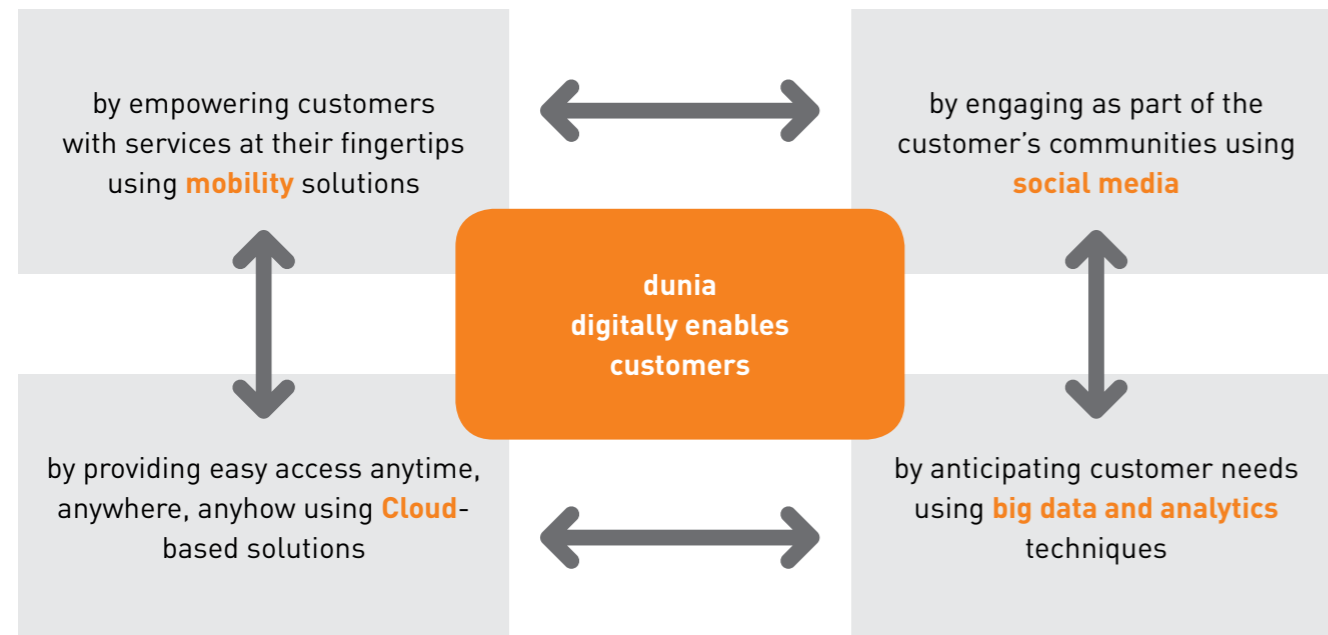
WE ARE PASSIONATE ABOUT CONNECTING WITH CUSTOMERS



WE ARE DIGITALLY ENABLED...

As the world rides the digital wave, customers have developed an intensely personal relationship with brands that they interact with. Of these, the most personal relationships are with financial institutions, who cater to the fundamental needs of customers. The convergence of social, mobile, big data and cloud technologies has enabled customers to access information anytime, anywhere. More importantly, financial institutions are able to provide real-time customized solutions for customer needs through digital and social channels using the power of Analytics.

Through dunia's digitization journey, we have successfully created an environment where our customers have developed a personal relationship with the dunia brand. By activating physical, digital and social channels, we have enabled customers to seamlessly communicate with us and immediately reach out to us for any need. Our digital offerings are designed around the pillars of Mobility, M/E-commerce and Managed Services, thereby enabling dunia to provide holistic solutions, making dunia the first choice for customers to reach out to for any need.



At dunia, we have stayed ahead of times in this digital era, by constantly ideating and innovating to create new-age digital solutions. By creating a suite of digital offerings that are built over a strong Analytics engine enabled by robust technology, we have deepened our understanding of customers and provide them with real-time solutions.

In line with our customer centric approach, all our digital offerings are designed to cater to both personal and business needs. With our suite of mobile apps and digital platforms, we provide cutting-edge digital solutions to match rapidly changing customer needs.

...JUST AS OUR CUSTOMERS ARE

Our innovation, duniaQwikCash places the power of instant money in the hands of our customers, enabling them to transfer money and make payments with just an SMS. Over the years, we have also established new-age channels that delivered a new level of convenience to customers and also strengthened their personal relationship with the dunia brand. We are proud that our customers communicate with a sense of openness, trust and friendship, a testament to dunia's human touch.

dunia's suite of mobile apps allow customers to access their account information, place customer service requests, transact and connect with dunia anytime, anywhere, anyhow. The dunia Mobile app goes beyond enabling customers to manage their finances and has become a part of our customer's lifestyle as customers use the app for their daily transactions and social interactions. Since launch in 2015, the dunia Mobile app has been continuously upgraded to provide enhanced convenience to customers.



The award winning dunia Mobile app has been recognized for its unique customer interface by Mercomm Inc through the "Honors" Mercury Pearl Anniversary Award in 2016.

With a rapid uptake of the dunia Mobile app by customers, dunia also launched the duniaSME app which is designed to empower dunia's corporate customers to manage their business finances and relationship with dunia.



Through our 'duniaQwik' umbrella of digital solutions, we introduced a range of digital platforms that can be leveraged by businesses to expand their reach in the market, grow their customer base and directly market their product and services. Customers looking for information regarding products or services available around them can also engage with businesses through the duniaQwik platforms.

dunia's digital journey has been a strategic focus for the organization from the beginning. Our digital offerings have transformed customer experience and also transformed our own internal processes through the use of Robotics Process Automation. Through automation and digitization, we have tapped opportunities to improve on Revenue, Risk and Response, thereby bringing in more technologically-advanced solutions to our customers, with operating models that adopt automation, drive efficiency, enable faster decisions and improve quality.

At dunia, we like to remain insurgents and we will continue to invest in our digital platforms, by adopting new technologies and upgrading existing technologies to remain nimble.



WE CONNECT WITH OUR CUSTOMERS...



...JUST AS THEY WOULD LIKE US TO



WE ARE ACCESSIBLE ANYTIME, ANYWHERE...

Our customer centric approach entails maintaining service levels that are at par with the best businesses in the world. The focus is not only on offering a bouquet of financial solutions but also on delivering them in a way that would bring out a paradigm shift in how customers are served.

dunia has created a state-of-the-art ecosystem that enables its unique customer centric approach to come to life. By understanding customer goals, actions, barriers over time, we are able to effectively serve customers throughout their life stage needs. Ensuring that we have the right products, the right communication channels, appropriate messages, and being available anytime, anywhere is key to ensuring customer delight.

dunia offers a wide range of products tailor-made to suit individual needs, which cater to their transaction, savings, borrowing, and protection needs. dunia has enabled multiple touch points so that customers can reach out to dunia anytime, anywhere...



...TO PROVIDE EXCEPTIONAL SERVICE DELIVERED WITH CARE

dunia's **24-hour contact center** phone officers are enabled and empowered to fulfill customer requests in the most efficient and timely manner. The dunia contact center is effectively another dunia branch with full capability.

dunia also has a **Central Customer Service** unit which is committed to serving the customer. Through a dedicated team of service managers, each customer query is addressed and resolved in a timely manner.

In order to be as close to the customer as possible, we have set up multiple **financial centers** across the UAE. The unique dunia experience is apparent to the customer from the moment one steps into the financial centers. The well trained and friendly staff deliver world class service to all customers keeping in line with the commitment to quality that spells the dunia difference.

With the evolution of new-age technology, dunia too has evolved in its approach and in the channels it enables for its customers to provide them greater convenience in a seamless manner. The multiple touch points truly make connecting with dunia easy for all its customers. In addition to channels such as call center, financial center and website, dunia also enables access through a range of **mobile apps, SMS, email and social platforms such as Facebook and WhatsApp**, while also providing for straight through processing to the extent possible.

Operating a network of 18 financial centers across the UAE, a 24-hour dunia Contact Center, an internet platform, multiple digital channels as well as a proactive sales force made being anywhere and everywhere, dunia has truly delivered a new level of convenience to customers.



WE RELENTLESSLY FOCUS ON DELIGHTING OUR CUSTOMERS...

Customer service in an inter-connected world requires a novel approach – one that is seamless, digitally optimized and proactive in anticipating and resolving customer issues. dunia's early investment into technology and digital capabilities has institutionalized robust service-oriented processes with integrated workflows across the enterprise to provide customers a seamless service experience.

Each aspect of the service delivery through dunia's multiple channels is tracked by Key Performance Indices, various metrics and 'Vital Fews' so that we always benchmark our service levels to the best-in-class service. Being backed by a passionate team that is customer oriented at the core and available for the customer at every stage, enables us to make our goal of being the "world of financial choices" a reality.

Every query raised is acted upon in a timely manner and resolved to the customer's satisfaction. The response time in resolving customer queries is tracked to ensure that it is within acceptable norms. The focus on proactively identifying and resolving customer queries helps us in our efforts to build customer loyalty.

Our customer centric focus entails that we understand the customers' needs end-to-end and deliver financial solutions with a service level that is nothing short of being benchmarked with the best, ensuring that the customer is 'wow-ed' at every interaction.

“ We invest in making our people and services **competent, timely** and **error-free** to **delight** our customers in every way, at all times. ”

In 2016, we initiated a unique and personalized approach to helping customers manage their dues more effectively through debt counseling sessions whereby tailor-made solutions were designed for each individual customer depending on their special circumstances. These sessions proved to be very effective as they helped ease customer obligations enabling them to make lower monthly payments.

Gulf News, one of the leading daily publications in the UAE has consistently ranked dunia in the top 10 service providers in the UAE across banks, telecom operators and airlines for providing quality customer service and experience.

“ I would like to appreciate dunia for helping me like a god-sent angel as I have been unable to pay due to my health issues. ”

- dunia Customer

“ I would like to thank dunia for considering and understanding my financial situation and for the quick and prompt response. ”

- dunia Customer



...TO HELP OUR CUSTOMERS BRING THEIR DREAMS TO LIFE

WE INVEST IN STATE OF THE ART TECHNOLOGY...

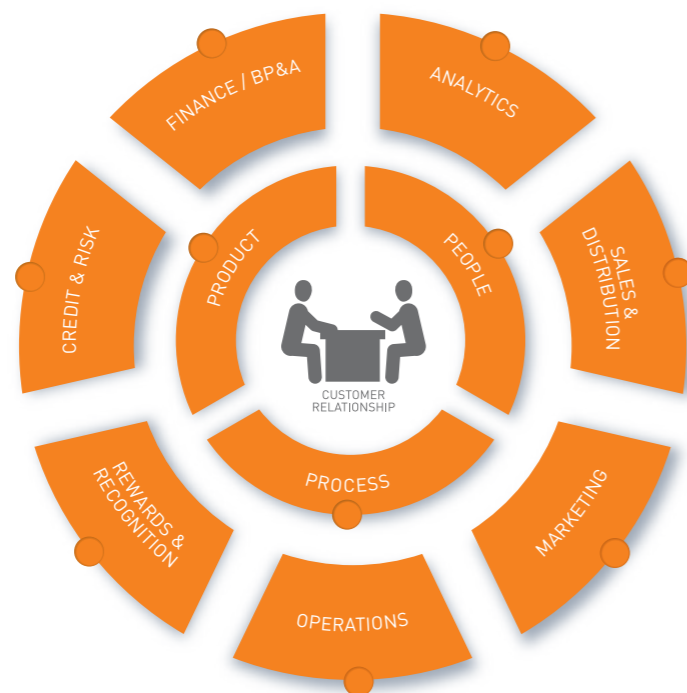
dunia's award winning proprietary technology platform was custom-built using service oriented architecture to support a customer centric organization. By building a strong technology framework which is reliable, scalable and flexible, we have created capabilities that enable us to consistently deliver against the evolving needs of our growing customer base. Our systems are designed to provide greater convenience for customers and achieve efficiency for the organization. By partnering with the best in class technology service providers and by continuously investing in the latest technology, we have ensured that our systems remain up to date with a proven capability of robust performance.

Technology has always been central to our commitment towards customer service. We have adopted new technologies and invested in world-class analytics and CRM systems that have helped us achieve higher levels of customer satisfaction and greater efficiencies. A key factor in delivering seamless, high quality customer service is the capability of our world-class, custom-built, proprietary CRM system, which was designed by putting our customers first. This service-oriented CRM technology, supported by other best-in-class applications, helps us to streamline our processes, providing customers with significantly faster turnaround times and straight through processing.

Technology also plays a pivotal role in the automation of operational processes to cater to our fast growing customer base with complex transaction handling needs. Through consistent and reliable technology, we provide straight-through processing of requests that are competent, timely, and error free.

Our digital imaging system enables us to offer an efficient, paperless fulfillment process. All customer documents are scanned remotely and uploaded into CRM to provide frontline teams with a 360 degree view of the customer, facilitating rapid decision-making. dunia's technology platform is comprehensive and ensures end-to-end customer relationship management across different stages of the customer lifecycle and delivers results with superior confidentiality, integrity, and availability.

Our customers lie at the heart of all that we do.



Technology assisted, workflow enabled, Analytics driven capability to deliver customer delight

At dunia, our focus is to spend smartly as we invest to provide greater value to our customers. Using a strategic cost management approach, dunia constantly strives to deliver predictable and consistent value through constant analysis of current processes, cost drivers and expenses to deliver predictable and sustainable revenues and earnings. Best practices are followed to ensure efficiency and maximum productivity at all times. A stringent cost management strategy is adopted at dunia to ensure business success and long term sustainability.

Since inception, dunia has strategically invested in state-of-the-art technology platforms enabling seamless processing and a guaranteed response time. In the recent years, dunia has continued to invest in innovative digital solutions to automate processes, remain lean and continue to be a low cost provider at all times. Our investment in a range of mobile apps and other digital solutions has witnessed a shift in customer requests to digital channels, which in turn helps us reduce operational costs associated with routine customer servicing and focus our efforts on activities that 'wow' the customer. Strategic cost management and a strong focus on process efficiencies is what will enable us to continue to be a predictable, profitable and sustainable business.

...TO SERVE OUR CUSTOMERS RELIABLY AND CONSISTENTLY



WE AIM TO ANTICIPATE THE NEEDS OF OUR CUSTOMERS...

Today's consumers are overwhelmed with the amount of choices and messages directed towards them. At dunia, we believe that our customers should only receive relevant and timely messages that are personalized for each of their current or upcoming needs. Based on this premise, with a strong analytics-driven decision making process, all our strategic and business decisions are taken based on actionable insights derived from market data and behavioural data of customers.

dunia's strategic analytics unit boasts of a top-of-the-line analytics infrastructure with a state-of-the-art data warehouse and sophisticated end-use analytics tools that help ensure preparation of analysis for effective decision making, to help build greater predictability in results spanning risk, revenue and response.

Each customer benefits immediately from our analytics from the very first point of contact. Their individual, personalized customer profile is uniquely created through the data warehouse, enabling us to create a product offering that is personalized and relevant to each and every customer. Thereafter, it helps us to deepen our customer relationships by cross-selling relevant products to increase customer retention. Analytics based decision making at dunia provides opportunities that maximize revenue and returns while minimizing risks. Faster response times and instant customer rewarding mechanisms translate into a faster turnaround time for the business, thus bringing in efficiency and effectiveness in all endeavors.

...AND PROVIDE FOR THEIR EVOLVING NEEDS

Over the years, disciplined and focused data extraction and data transformation into the data warehouse has allowed for granular management of the portfolio above and beyond conventional data mining. Recently, customer profiles have been enhanced with psychographic information through the integration of dunia's analytics engine with digital and social platforms.

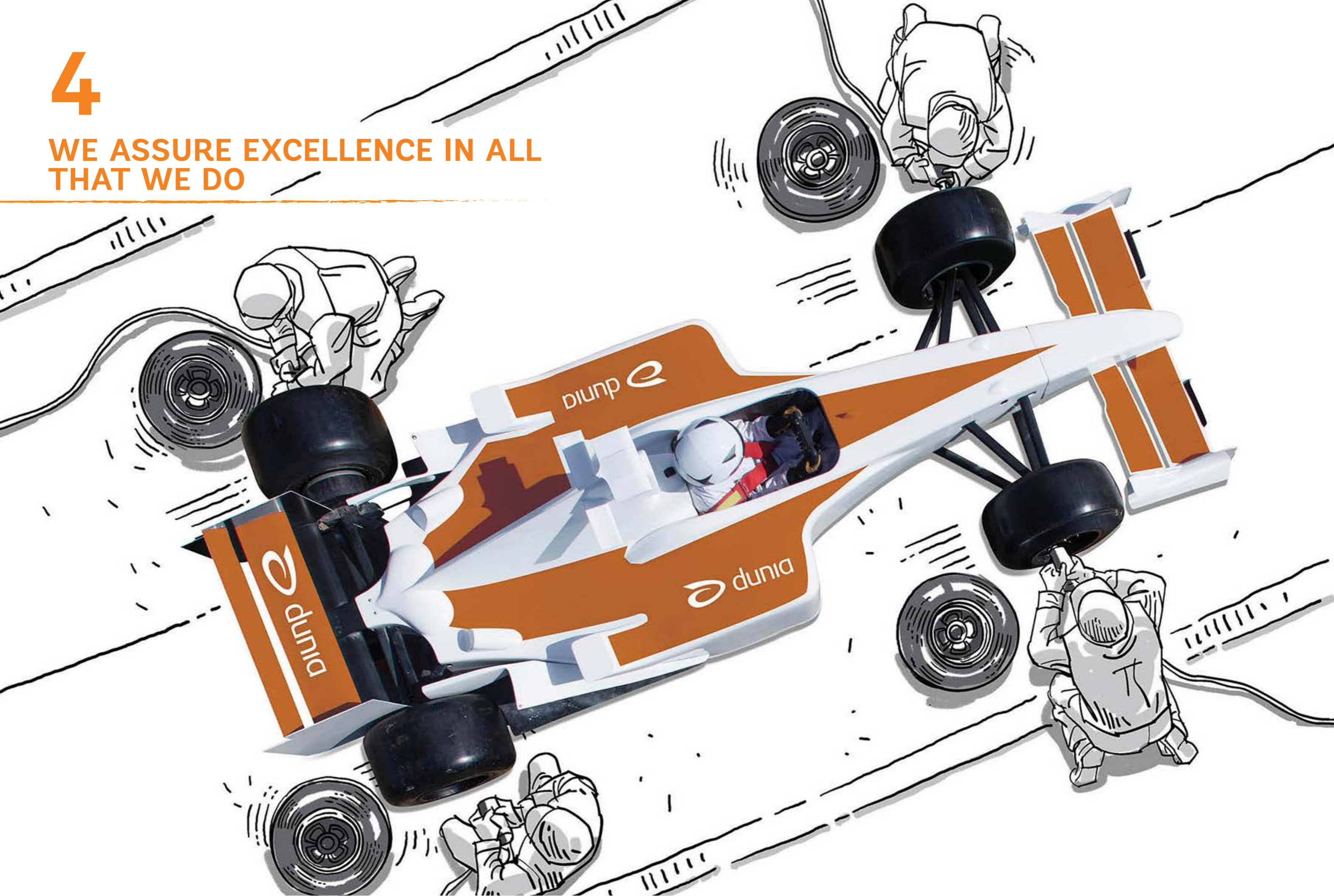
A diverse, talented, multi-disciplinary Analytics team, applies cutting-edge analytics techniques on enriched customer data available on a dynamic data warehouse to pre-empt and anticipate customer needs. The analytics team is integrated into critical business units and through close working relationships and synchronization between business decision makers and the analytics team, dunia is able to offer true value to customers and elevate the customer experience.

“ We follow a **data-driven decisioning** process using **cutting-edge analytics** techniques. ”



4

WE ASSURE EXCELLENCE IN ALL THAT WE DO



WE FOLLOW THE HIGHEST STANDARDS OF GOVERNANCE...

Corporate governance benchmarked against best global practices is at the core of dunia's operations. The corporate governance framework at dunia is a combination of the best of international practices with a framework that is tailor-made to comply with local practices and legal standards. It is based on OECD principles, local regulatory guidelines, laws and best-in-class practices adopted by reputed international financial institutions.

dunia's corporate governance entails a set of relationships between senior management, board of directors, shareholders, employees and other stakeholders, and a robust structure with regulatory and corporate policies through which dunia's strategic objectives are established, pursued, monitored and attained.

The corporate governance framework is a key enabler which aids robust decision making in dunia. It also facilitates continuous improvement in relation to Strategy, Compliance, Performance and Accountability.

A **two-tier framework** oversees the efficient execution of dunia's corporate duties, while ensuring responsible and transparent corporate governance at every level of its functioning. The Management Committee members form the first tier, while the second tier consists of the Board of Directors.

This framework has facilitated effective oversight through a robust system of checks and balances. Our corporate governance structure provides for the independent handling of the functional portfolios while catering to continuous sharing of information and knowledge, ensuring that accountability and decision making go hand-in-hand, and retaining ultimate answerability to the Board.

The Management Committees in dunia are designed to ensure that the business is run in the most efficient, profitable and sustainable manner possible.

The Board of Directors, which has the ultimate responsibility to uphold the company's objectives, provides strategic direction to dunia and facilitates the smooth running of all operations through the functioning of its sub-committees (Audit Committee, Risk Committee and Employee Remuneration and Compensation Committee).

At dunia, corporate governance is strictly followed at both board and management levels.

• **The Board Committees** ensure that strategic goals are set and delivered, while smooth business operations are in place. They ensure that sound business practices and controls are in place across functions. They monitor business performances closely and ensure risk mitigants are in place. They also review employee policies, including compensation, to ensure that they are fair and in line with market trends. dunia's Board Committees are:

- Audit Committee
- Risk Management Committee
- Employee Remuneration and Nomination Committee

• **The Management Committees** ensure the management of balance sheet liquidity and Return on Equity, management of the portfolio, and introduction and approval of products, services and related limits; management of banking risks, risk limits and parameters in line with corporate ethos; management, review and monitoring of credit risk and collection and risk/reward optimization; management of monthly performance, its review and improvement; management of the optimal use of IT resources and business needs; management of talent; management of Vendor relationships and disputes.

These committees are formed solely to expend efficiencies across critical areas of business. dunia's Management Committees are:

- Asset and Liability Committee
- Product Development Committee
- Business Risk and Compliance Committee
- Credit Risk Committee
- Operating Review Committee
- IT Steering Committee
- Human Resources Committee
- Vendor Management Committee
- Customer Service and Quality Forum

...TO ENSURE OUR CUSTOMERS ARE TREATED FAIRLY

Treating Customers Fairly is a core policy in dunia, which is our commitment to customers that we will provide financial products that meet their specific needs, and that we will continue to be responsible lenders. This policy also ensures that customers are sold products in a fair and transparent manner with full disclosure of terms and conditions. This not only aids the avoidance of risk, but also acts as a platform for customer service excellence, which in turn assists dunia in retaining its customer base.

The **risk management framework** at dunia has allowed for judicious operations of its various departments within acceptable and clearly defined risk norms. By placing a premium on long-term strategic decisions, our risk management framework has ensured that our earnings are sustainable and performance is consistent.

To fortify and institutionalize the risk management processes at all levels, dunia created its **'Three Lines of Defense model'** to oversee its strategic, financial and operational risks.

The 'Three Lines of Defense Model' facilitates robust risk governance at various levels of the organization. At the **first line of defense**, risks are managed at the line business units using maker-checker controls and a self-assessment process (Risks and Controls Self-Assessment – RCSA). RCSA reviews are held on a regular basis and any potential breaches are directly forwarded to management for review and intervention. This helps us manage risk at an early stage.

The **second line of defense** is implemented through the management team with the Business Risk & Compliance Committee (BRCC) and specialized committees including the Assets and Liabilities Committee, Vendor Committee for procurement, Technology Steering Committee, Credit Risk Committee, HR Committee for employee matters, Service Committee for customer issues, Regulatory Matrix Review for regulatory compliance and monthly proofing process for Internal Control.

Finally, the **third line of defense** through the Internal Audit function provides assurance to the Board of Directors on the control environment by putting together a risk based assurance cycle for each reviewable entity. The Board and the Board Committees comprising the Risk Committee, the Audit Committee and the HR, Remuneration and Nomination Committee get regular updates on all issues. Regular reports on performance and Key Performance Indicators that chart out performance trends are shared with the Board.



OUR ROBUST COMPLIANCE MECHANISM...

Compliance and regulatory controls allow dunia to strictly comply with the letter and spirit of the law and regulations. Our independent compliance unit proactively identifies and evaluates compliance risks and helps us maintain the highest standards of governance, while ensuring confidentiality, transparency, integrity and continuity of business. This means that in addition to implementing the local regulatory requirements, dunia adopts global standards and best-in-class practices. With these checks and controls firmly in place, dunia ensures compliance with internal policies and external laws and regulations. These controls are now inter-woven in the fabric of the everyday business.



The 9 Pillars of Compliance

The Compliance organization works closely with other assurance providers to ensure streamlined delivery of assurance activities through an integrated assurance framework. This framework has been crafted using Practice Advisories based on Standard 2050 from the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

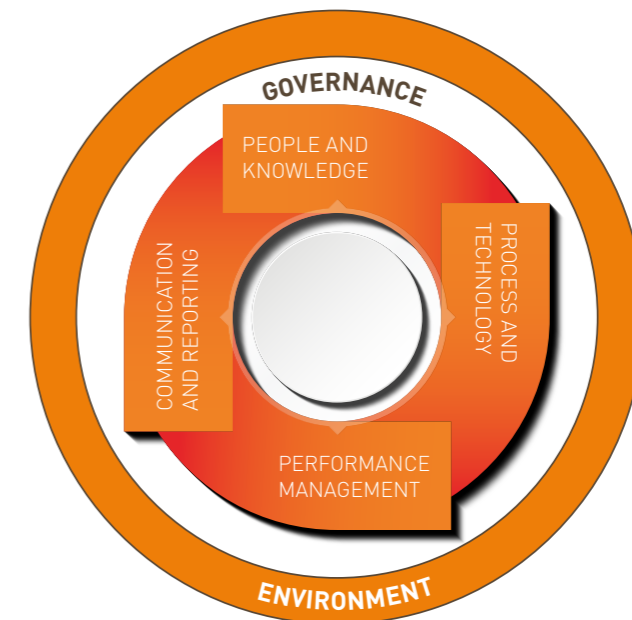
...ASSURES OUR STAKEHOLDERS OF OUR COMMITMENT TO EXCELLENCE

Assurance through Internal audit has enabled dunia to regularly develop and periodically enhance its set of comprehensive policies and procedures. A comprehensive mechanism of risk assessment drives differential review cycles based on risk levels. All units are independently reviewed based on their review cycles (approved by the Audit Committee) to identify potential risks, safeguarding dunia from any potential regulatory and corporate policy breaches. Periodic reviews of key processes have also ensured that gaps which are identified are immediately addressed, productivity enhancement measures are initiated and the end-to-end processes are controlled.

Our Internal Audit framework allows us to strike a balance between accountability and responsiveness of the business to both customers and other stakeholders, while providing assurance to the Board of Directors and the senior management.

At dunia, Internal Audit is a core pillar of Corporate Governance and an enabler that runs a mature operating model with robust usage of technology and tools and high quality resources with a strong understanding of the business dynamics and processes. In addition, there is ample focus on innovation and continuous improvement to ensure lean audit processes and value creation from auditing.

We believe that best-in-class audit functions should focus on achieving maturity and excellence across six domains.



dunia's Internal Audit Framework

OUR WORK AS A TEAM ASSURES CUSTOMERS...



...OF THE BEST TO ENSURE THAT THEY STAY AHEAD



5

OUR PEOPLE ARE PASSIONATE ABOUT MAKING A DIFFERENCE



OUR PEOPLE ARE EMPOWERED TO SERVE...

Our talent pool comprises the best and the brightest from leading schools and organizations. With a diverse talent pool from varying backgrounds and experiences that mirror the UAE market, our people help us go the extra mile for customers by adding a personal touch to every interaction. Therefore, our approach to talent management is strategic and enables us to unleash dunia's true potential. At dunia, one of our biggest assets is our human capital, which helps us deliver the dunia difference.

Our people are committed to be **focused, energetic, passionate, creative, innovative, strong in execution excellence and high on integrity** in everything that they do. To support this commitment, we have carefully instituted a 'culture of candor' that fosters open communication, transparency and truly empowers all our people to speak their mind and do the right thing.

As a customer centric organization, that thrives on fulfilling customer needs, it is important for us to understand how our customers think and relate to them. For this, since inception, we have invested in creating and building a diverse talent pool who bring together a multitude of skillsets, experiences, geographic exposure, nationalities, gender and age. Our people, who represent over 32 nationalities communicating in 40 languages, power our growth by bringing together diverse perspectives with which we are able to understand, relate and deliver superior service to our customers.

...WITH EXCELLENCE TO HELP OUR CUSTOMERS SUCCEED



OUR PEOPLE HAVE THE SKILLS AND KNOWLEDGE...

With a rapidly changing world, it is imperative that we equip our people with the latest skills and know-how. Through the dunia Academy, we have ensured that learning and knowledge sharing is a continuous process in dunia. Leveraging on both external and internal subject matter expertise, the dunia Academy is the place where quality education is available to our talent pool. Every employee undergoes a continuous training process that is built on a training framework that ensures holistic development.

Our learning and development programs are designed to enhance both skills and potential. Each employee undergoes a customized development program that helps them manage their roles and career growth. These programs are aligned with the business strategy, which equips the team to progress in a dynamic environment.



Unlocking potential through training and development programs

High performing individuals are sent on a regular basis to development and learning programs at top tier institutions across the world, including The University of Chicago Booth School of Business, INSEAD and the Indian Institute of Management Ahmedabad.

In addition to undergoing training programs, staff also benefit from multi-tiered development programs such as mentorship programs, where every staff can choose their mentors to guide them through their career progression; cross-functional job rotation programs for holistic development across functions and team challenges that encourage cross-function collaboration to improve the business and innovate.

We empower our frontline heroes. Being the closest to our customers, our frontline teams are key to dunia's personalized solutions in a timely manner. They are our eyes and ears in the market and at dunia, we make sure that they are equipped and empowered to fulfill the needs of our customers. For our frontline heroes, we run a unique career advancement program titled **Development Opportunity for Operations, Risk and Sales (DOORS)** which recognizes and taps the potential in high performing staff. Through this two year career acceleration program, the frontline teams are equipped to better understand core banking and financial services functions thereby raising their potential to handle roles with greater complexity, accountability and problem solving.

...TO DELIVER VALUE THAT OUR CUSTOMERS EXPECT

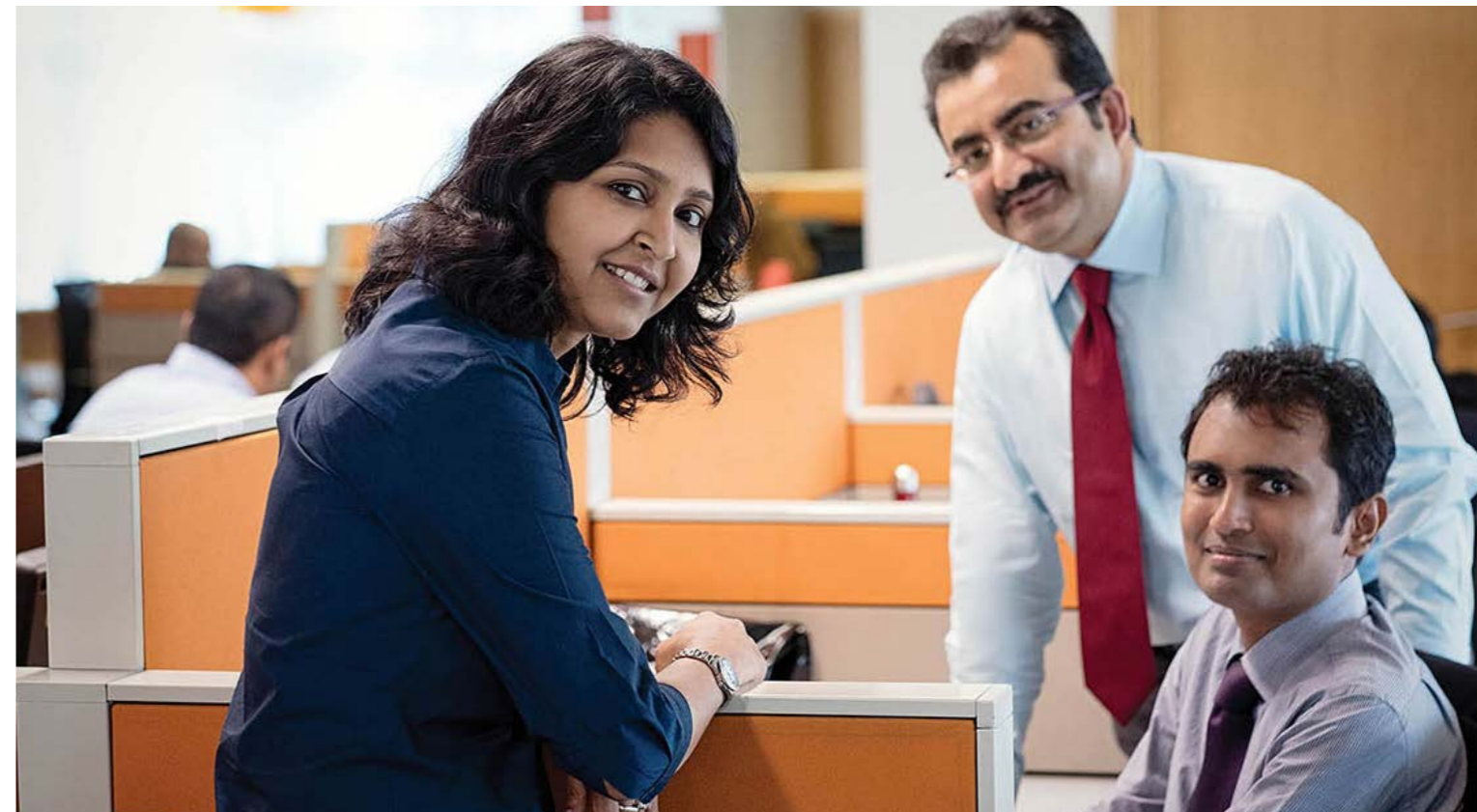
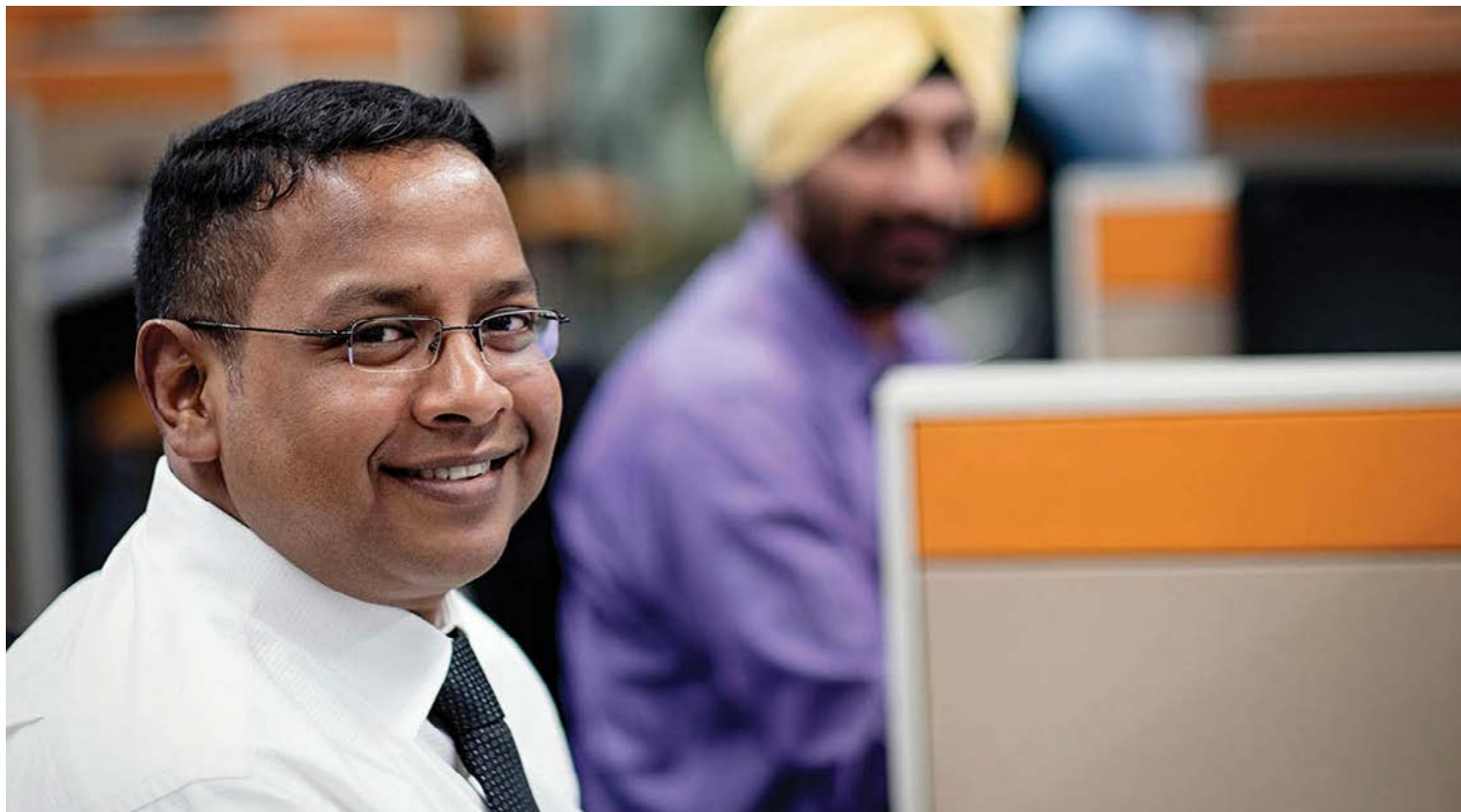


The dunia team wins the "GCC Best Employer Brand Award 2016" at the World HRD Congress, for dunia's commitment and focus on people

WE GO THE EXTRA MILE...



...TO HELP CUSTOMERS REALIZE THEIR DREAMS



WE CONTINUOUSLY RE-INVENT OURSELVES...

...TO REMAIN YOUNG AND INNOVATIVE

We realize that Millennials are increasingly dominating the global workforce, bringing in new ideas and innovations and therefore, at dunia, we have also embraced this megatrend. We have invested in hiring top talent from business schools as part of dunia's Management Associate program. The growing pool of young talent are continuously groomed to manage critical leadership roles in dunia. They represent the future of dunia as they reshape the way we think, bring in fresh ideas and new perspectives.



**WE HIRE THE BEST AND THE
BRIGHTEST...**



**...IN OUR QUEST TO ACHIEVE
GREATER HEIGHTS**



WOMEN LEAD THE WAY AT DUNIA

We believe that women are the biggest influencers and play an important role in driving societal and economic progression. With a billion women set to enter the workplace in the coming years, they are more equipped to excel on both professional and personal fronts. As an equal opportunity employer, at dunia, we have established an inclusive environment that encourages women to succeed. Women are an integral part of the dunia workforce and handle critical initiatives and hold several leadership positions. They bring in fresh perspectives, balance and ensure execution excellence in all that we do.

Our women leaders not only excel within dunia, but also set standards for the industry. As a testament to this, Priya Dinkar, Head of Human Resources, was awarded the *"Women Super Achiever Award"* in recognition for her talent, excellent HR practices and role in shaping the future of the region.



WE SERVE THE NATION...

...BY CREATING NEW LEADERS

National talent is critical to the UAE's future and in line with the UAE's strategic priority of developing national talent, dunia is committed to building a national talent pool who represent UAE's future leaders. By providing a unique learning environment that identifies and taps potential, at dunia, we aim to be the employer of choice for the best Emirati talent across all stages of their careers, from new hires to senior professionals who bring in expertise and a wealth of knowledge.



WE ARE COMMITTED TO DEVELOPING NATIONAL TALENT...

We have designed several development programs for all levels of experience to nurture their talent and equip them with the necessary skills and knowledge to lead businesses. Through these programs, staff keep abreast of latest developments in the industry and are able to apply them in their work.

The 'Kawader dunia' program is a three-tiered program, focused on providing an opportunity for UAE nationals at the undergraduate, graduate and experienced levels to learn and grow professionally under the wings of a leading financial services provider. This tailor-made program is crafted to elevate skill sets and create future leaders through the use of best educational tools, training programs and development schemes.

dunia's program for seasoned professionals

AL NUKHBA

This is our career development program, specifically developed to help grow the careers of experienced, seasoned professionals. These individuals are able to enroll in our leadership programs and external business school diplomas.

dunia's program for graduates

AL TAMOUH

Our graduate learning program, providing students with an opportunity to gain real-life experience working in the financial services industry. Its aim is to build worldclass business leaders and commences with a three month management certification program.

dunia's program for undergraduates

AL WALEED

Our undergraduate program provides KAWADER part-time opportunities for students to gain "dunia" work experience at dunia whilst continuing their studies. The program covers a range of learning modules that include teamwork, marketing, credit and risk management, corporate governance and brand building.

As a young brand that was conceived in the UAE, dunia would like to give back to this wonderful nation which provided an environment to nurture a successful, self-made enterprise like dunia. dunia's commitment to building the national talent pool stems from this desire to contribute to the future of the UAE that will be shaped by the future leaders from this national talent pool.



6

**WE AIM TO ENRICH EVERYONE
IN THE COMMUNITY**



WE SPREAD KNOWLEDGE...

At dunia, we are truly committed to the continuous sharing of knowledge with the broader community. dunia introduced the 'dunia Knowledge Series' initiative which hosts a selection of inspirational speakers to engage the community in thought provoking issues, encourages debate and introspection, to help empower people through learning and sharing, enabling their success and enriching their lives and that of the community we live in. This series covers a variety of subjects, from business and sports to women and education.

The first event in the dunia Knowledge Series was an exclusive launch for the book 'Can I Have It All?' authored by Ms. Anuranjita Kumar; a mother, daughter, and professional leader. 'Can I Have It All?' is a candid, emotive and intriguing narrative that delves into the personal experiences and observations of a woman leader through her journey in a complex, global corporate environment. It focuses on the power of women that is embodied in them as a mother, daughter, wife, and sister.

By discussing a strong theme like women empowerment within the community, we are committed to supporting the UAE's ongoing efforts to build thought leadership initiatives to create a competitive economic future for the region.



Author Anuranjita Kumar (right) sharing her story at the session moderated by Mariam Elsamny, Chief Marketing Officer of Dunia Finance (left)

The second edition of the dunia Knowledge Series featured the release for the book 'House of Debt' authored by Professor Amir Sufi - Bruce Lindsay, Professor of Economics and Public Policy at The University of Chicago Booth School of Business, who was especially invited by dunia to release the book in the UAE. Professor Sufi is an internationally acclaimed economist and academic who also serves as a Research Associate at the National Bureau of Economic Research, and Associate Editor for the American Economic Review and the Quarterly Journal of Economics. At the event, Professor Amir Sufi gave the audience valuable insight on the current economic environment and the lessons that can be learnt from past mistakes to ensure further development of our competitive economic future.



Professor Amir Sufi, Bruce Lindsay Professor of Economics and Public Policy at The University of Chicago Booth School of Business speaking at the event

...INSPIRING CHANGE IN THE COMMUNITY

The dunia Knowledge Series aims to bring inspirational speakers from diverse backgrounds. In line with this objective, the third edition of the dunia Knowledge Series brought an icon of women empowerment and ambition in the Middle East to the UAE community. Renowned jewellery designer Azza Fahmy delivered an inspirational talk on 'Building a brand legacy: The Story of Azza Fahmy', sharing her experience during her journey towards achieving a successful career in jewellery design and spreading the region's culture and heritage across the globe through her creations.



Renowned jewellery designer Azza Fahmy (right) sharing her story at the session moderated by Mariam Elsamny, Chief Marketing Officer of Dunia Finance (left)

WE EMPOWER YOUTH...

dunia announced the launch of an endowment program, called the **Dunia Young Business Leaders Program**, open to students in schools and universities as a mentoring platform for young leaders.

The endowment initiative was launched by dunia following the announcement of the 'Global Vision for Endowment', which was launched by His Highness Sheikh Mohammed bin Rashid Al Maktoum, UAE Vice President and Prime Minister and Ruler of Dubai, to revive the practice of endowment through innovative applications.

The concept of the Dunia Young Business Leaders Endowment through efforts and resources comes from dunia in coordination with the Mohammed Bin Rashid Global Center for Endowment Consultancy (MBRGCEC) to strengthen the utilization of endowment through innovative applications into projects that are not necessarily confined to traditional frameworks.

dunia has received the Dubai Endowment Sign from the MBRGCEC, one of the key initiatives under the Mohammed bin Rashid Global Initiatives, in recognition of its contribution to the community as a model for private sector enterprises.

The Dunia Young Business Leaders Program was launched in 2013 and given the great success of the program, it has now become an annual offering. In 2016, we successfully ran the fourth edition of the award winning Dunia Young Business Leaders Program.

The program is offered to students entering 11th and 12th grade as well as 1st and 2nd year university students. Students get to engage with business leaders, entrepreneurs, industry leaders, investors, innovators, consultants and other practitioners to learn from their real world experience. They are able to enhance their leadership, strategy, innovation, team work, communication, execution and conceptual skills.



Dubai Endowment Sign from the Mohammed Bin Rashid Global Center for Endowment Consultancy

...TO DRIVE CHANGE AND INNOVATION

dunia inspires youth through its **Dunia Young Leaders Scholarship** for the Summer Business Scholars Program at The University of Chicago Booth School of Business. dunia partnered with The University of Chicago Booth School of Business in 2016 and offered up to 8 scholarships to selected applicants of the Summer Business Scholars Program at The University of Chicago Booth School of Business. This unique program offers an opportunity to learn business fundamentals, engage in workshops on leadership, networking and problem solving and interact with Fortune 500 companies!

The three-week program provides a model environment for bold future leaders to strengthen their toolkit of established business principles via hands-on experience with world-renowned faculty and industry experts. Armed with tangible skills, business acumen, and an unparalleled network, scholars return to their undergraduate institutions or head to their first job with a newfound confidence and a distinct competitive advantage.

This unique scholarship program is yet another one of dunia's empowerment initiatives aimed at empowering the youth and enabling their success.

dunia also offers **scholarships for students of Indian Institute of Management Ahmedabad** in its endeavor to enable and help young students. dunia has signed an agreement with the distinguished Indian Institute of Management, Ahmedabad (IIMA), to offer scholarships to students studying Post Graduate Programme (PGP) in Business Administration. IIMA, considered one of the top management schools in the world, is currently ranked 16th by the Financial Times Masters in Management Rankings.

IIMA is a globally recognized and a leading educational institution, dedicated to developing world-class talent; a theme that resonates well within dunia, as dunia too is fully committed to hiring and continuously developing world-class talent. Education and training is a key focus for dunia, as it seeks to drive its expertise and innovative approach through careful talent development.

The scholarship agreement aims to bring together the academia and the corporate world, to nurture talent. dunia offers scholarships to four post graduate programme students per year – two first year students and two second year students. The scholarships are awarded to dedicated, determined, and hard-working students who have displayed academic excellence in their studies.



dunia is passionate about nurturing talent and impacting change in society at an early stage. Through this unique program, we identify and empower the future business leaders of tomorrow.



WE CARE ABOUT MAKING A DIFFERENCE...

dunia has always been at the forefront of addressing the most pressing needs of the society. 'dunia Cares', our Corporate Social Responsibility initiative, aims to alleviate and improve the conditions of the greater community where we live. At dunia, it's not just about offering financial solutions, but also contributing to the greater community. We focus on the key pillars of Education, Health, Environment and Social enhancement. Our initiatives range from blood donation drives, to focused initiatives on grooming the youth including the Dunia Young Business Program, to offering scholarships for education, paper recycling, and knowledge sharing initiatives.

dunia built its **Corporate Social Responsibility** focus alongside its business since inception. Every member of the dunia family works jointly with others to bring about a change for the community and people, however small or big.

"WE ARE COMMITTED TO HELPING SOLVE SOCIETY'S MOST PRESSING PROBLEMS."



"TO CARE AND MAKE A DIFFERENCE IN THE LIVES AND FUTURE OF OUR COMMUNITY."

...IN THE LIVES AND FUTURE OF OUR COMMUNITY



“ At dunia, we believe in **volunteerism** and our people are personally involved in all dunia Cares activities. ”



“ Through dunia Cares, we focus on **social** and **environmental improvement**, promotion of good **health** & wellness and **education**. ”

WE ASPIRE TO DO GOOD...

Since inception in 2008, sustainability has been a core part of the dunia business model and this has ensured that dunia's performance has been predictable, reliable and sustainable. With the right design and strategic focus on sustainability, dunia engages with customers and all other stakeholders to ensure that the organization helps bring about positive change through high impact initiatives. In 2016, dunia rolled out several of such high impact initiatives including the award winning Dunia Young Business Leaders Program, the dunia Knowledge Series, the Dunia Young Leaders Scholarship program and other social welfare initiatives such as blood donation drives. At dunia, we are truly committed to sustainability and this commitment reflects in everything that we do.

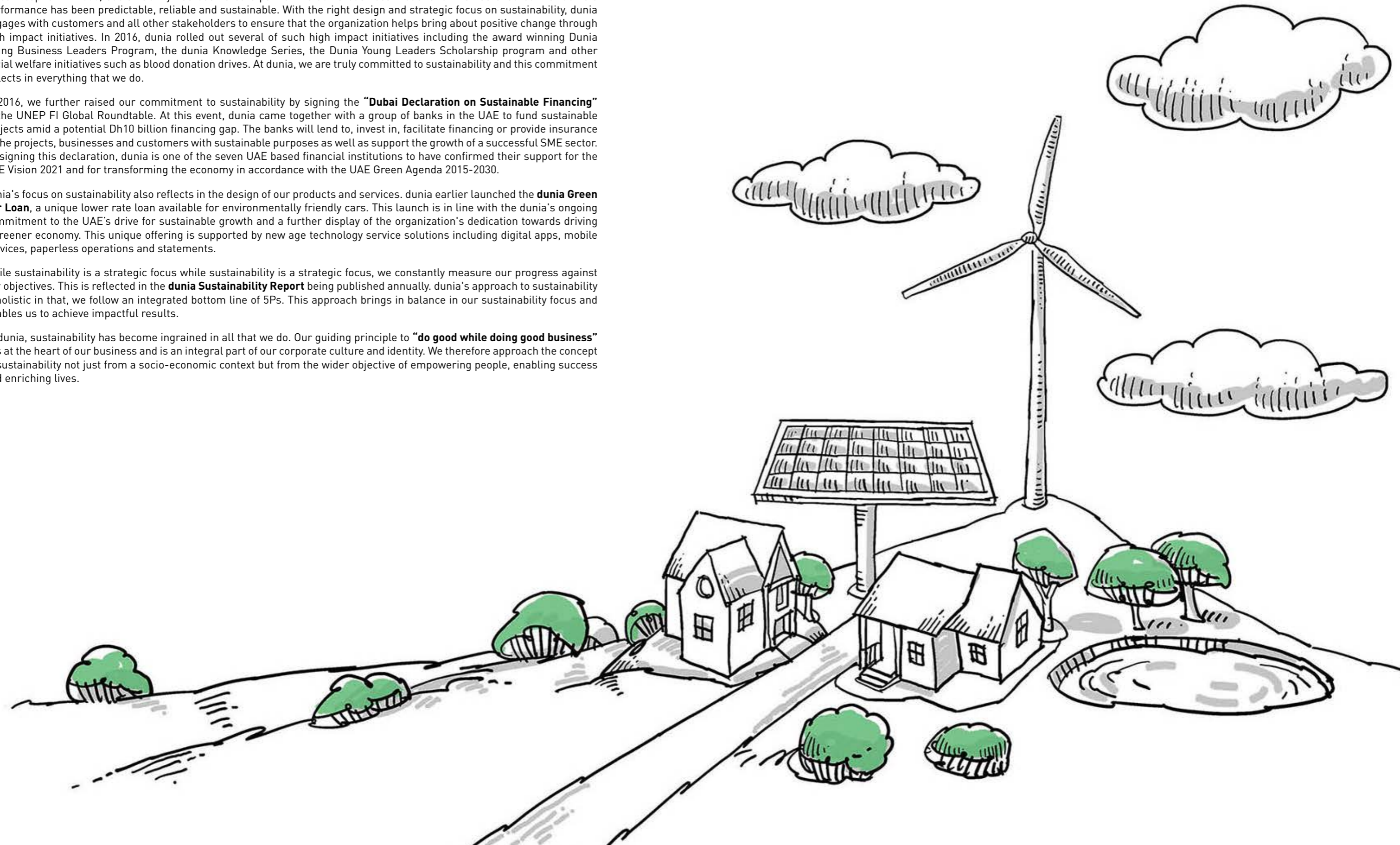
In 2016, we further raised our commitment to sustainability by signing the **"Dubai Declaration on Sustainable Financing"** at the UNEP FI Global Roundtable. At this event, dunia came together with a group of banks in the UAE to fund sustainable projects amid a potential Dh10 billion financing gap. The banks will lend to, invest in, facilitate financing or provide insurance to the projects, businesses and customers with sustainable purposes as well as support the growth of a successful SME sector. By signing this declaration, dunia is one of the seven UAE based financial institutions to have confirmed their support for the UAE Vision 2021 and for transforming the economy in accordance with the UAE Green Agenda 2015-2030.

dunia's focus on sustainability also reflects in the design of our products and services. dunia earlier launched the **dunia Green Car Loan**, a unique lower rate loan available for environmentally friendly cars. This launch is in line with the dunia's ongoing commitment to the UAE's drive for sustainable growth and a further display of the organization's dedication towards driving a greener economy. This unique offering is supported by new age technology service solutions including digital apps, mobile services, paperless operations and statements.

While sustainability is a strategic focus while sustainability is a strategic focus, we constantly measure our progress against our objectives. This is reflected in the **dunia Sustainability Report** being published annually. dunia's approach to sustainability is holistic in that, we follow an integrated bottom line of 5Ps. This approach brings in balance in our sustainability focus and enables us to achieve impactful results.

At dunia, sustainability has become ingrained in all that we do. Our guiding principle to **"do good while doing good business"** lies at the heart of our business and is an integral part of our corporate culture and identity. We therefore approach the concept of sustainability not just from a socio-economic context but from the wider objective of empowering people, enabling success and enriching lives.

...JUST AS WE ARE COMMITTED TO DOING GOOD BUSINESS



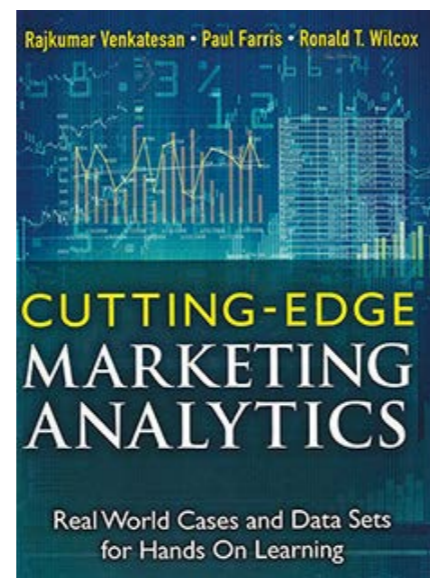
WE LEAD THROUGH INFLUENCE...

We strive to set new benchmarks of success for ourselves. dunia has been recognized internationally by leading business schools who have written multiple case studies about dunia's successful launch in the midst of the global crisis, unique credit and analytics approach as well as its positively differentiated marketing strategy.

A total of 6 case studies have been published about dunia:

- **'Building the dunia Brand'**, Indian Institute of Management Ahmedabad (January 2016)
- **'Dunia Finance – Case Study C'**, University of Virginia Darden School of Business (March 2015)
- **'Dunia Finance – Case Study B'**, University of Virginia Darden School of Business (March 2015)
- **'Time to actively start lending'**, Singapore Management University (November 2013)
- **'Dunia Finance – Case Study A'**, University of Virginia Darden School of Business (December 2012)
- **'The birth of dunia'**, Singapore Management University (April 2012)

The Financial Times (FT) press has also recognized dunia for its strong business model and unique Analytics capabilities in its book, 'Cutting Edge Marketing Analytics: Real World Cases and Data Sets for Hands on Learning'. The book affirms dunia's unique capabilities and proprietary business models, and was written by professors at the University of Virginia's Darden School of Business, who have written several case studies on dunia's business models and use of analytics.



"WE ARE COMMITTED TO INVESTING IN BUILDING A STRONG AND TRUSTED FRANCHISE."

In 2016, dunia's Long-Term Issuer Default Rating (IDR) was affirmed at 'BB' by international ratings agency, Fitch Ratings. dunia's short-term IDR was affirmed at 'B', while its long-term IDR outlook was confirmed as stable. dunia's credit rating was upgraded in 2015 from 'BB-' to 'BB'.

As part of their announcement on 28 July 2016, Fitch said dunia's current rating reflects the company's exposure to credit risk, inherent within unsecured lending and amplified by the rapid growth of dunia's loan book. Fitch added that its latest review takes into account dunia's prudent, albeit increasing leverage, and its wide net interest margin.

This strong rating is a testament to the priority dunia places on customers, and to serving them uniquely with a customer centric approach. dunia is committed to investing in building a trusted brand, while investing in the best talent, products, technology and services at dunia. dunia's approach of ensuring a predictable and stable risk adjusted return helps the company maintain a healthy balance sheet and risk profile reflected in its low levels of leverage and high levels of capital adequacy, while delivering strong returns to shareholders.

...TO COLLECTIVELY MAKE OUR WORLD A BETTER PLACE

Our people lead their daily lives with passion, integrity and commitment to serve as role models in our attempt to help influence similar values in the wider community.

- Rajeev Kakar, Managing Director & CEO, Dunia Finance, was again recognized as the "Top Indian Business Leaders in the Arab World 2016" by Forbes Middle East and was ranked #15. This award recognizes Indian leaders who have made a marked difference in the Middle East, and is a tribute to Rajeev's strong track record, especially as the Founder CEO of dunia. Rajeev has been consistently recognized in the 'Forbes Middle East Top 100 Indians in the Arab World' list, for the last four years.

Rajeev has also been annually recognized by the Arabian Business "GCC Power List India Top 100", which acknowledges top Indians in the region for business achievements.

- Priya Dinkar, Head of Human Resources, was awarded the "Women Super Achiever Award" at the World HRD Congress, in recognition for her talent, excellent HR practices and role in shaping the future of the region.
- Rohit Manucha, Head of Compensation & Benefits, was awarded the "Global Compensation and Benefits Leadership Award" at the World HRD Congress, for being a role model within the industry and for his contribution to the HR field.
- Mayank Langer, Training & Advancement Leader, was awarded the "Global Training and Development Leadership Award" at the World HRD Congress, for his excellent strategic planning, effective use of training technology, integrity, ethics and thought leadership.

"AT DUNIA, EVERYONE IS A LEADER AND IS COMMITTED TO LEADING THROUGH INFLUENCE."



7

WE CONSTANTLY EXPLORE NEW HORIZONS TO EMPOWER PEOPLE, ENABLE SUCCESS AND ENRICH LIVES

dunia was born as a result of a dream to make a difference. A dream to redefine the way people see their finances. A dream to truly serve the customer. Every year, as we move closer to our dream of empowering people, enabling success and enriching lives, in 2017 we will continue to focus on expanding scope, scale and transforming the core, while reinforcing the dunia brand. We will continue to invest in talent, digital capabilities and new age technologies that will help us further enhance our offerings and wow our customers. We look forward to exploring new horizons and living our dream of empowering people, enabling success and enriching lives.



8

FINANCIAL TRENDS



dunia has delivered another strong financial performance in 2016 in the face of a challenging macro environment driven by strong revenue growth with further improvements in overall operating efficiency resulting in a full-year net income of AED 71.3 Mln.

This reflects a robust and highly broad-based performance across all financial metrics and key performance indicators – specifically covering revenue, expenses and return on equity, and across the key efficiency ratios of cost-income, operating leverage, risk adjusted yields and loss absorption capacity.

Additionally, growth in loans and advances to customers remained selective, prudently paced and predominantly self-funded through customer deposits, to ensure performance predictability and sustainability of earnings in 2016.

FINANCIALS

dunia's performance in 2016 was primarily driven by the strong growth momentum in its top-line, with revenue and balance sheet growth being underpinned by the success in selectively acquiring new customers, deepening existing customer relationships, and driving cross-sell to maximize value creation through deeper and more focused customer relationships.

Moreover, the anticipatory measures implemented by Management in recent years to safeguard the business and deliver predictable results continue to positively impact dunia's business performance in 2016. These strategic realignment measures include tight customer selection criteria, risk-adjusted pricing, self-funding growth through customer deposits, strategic cost management and prudent impairment provisioning.

dunia's robust financial performance was further driven by several long term strategic initiatives such as: the introduction of innovative products to raise customer deposits, enhancement of the existing product suite and diversifying fee-based revenue sources; expanding distribution capabilities (both proprietary and through alliances), and continued focus on raising granular, tenured and lower-cost customer deposits to self-fund business growth.

While the environment was extremely challenging, dunia continued to perform strongly across all performance parameters and recorded a Net Income of AED 71.3 Mln in 2016.

Key financial highlights in 2016

- Sixth year of profitability, with net income of AED 71.3 Mln
- AED 42.0 Mln (AED 7.6 per share) dividend paid for 2016 (sixth year of dividend track record)
- 20.9% y-o-y growth in customer base, to 254.7k customers
- Net loans and advances to customers flat to prior year at AED 2.0 Bln
- 7.2% y-o-y growth in customer deposits, to AED 1.3 Bln
- 11.6% y-o-y growth in revenue, to AED 806.8 Mln
- Cost-income ratio further reduced to 13.8% (resulting in 56.0% positive Operating Leverage)
- Loss absorption capacity is at a healthy 1.1x
- Debt / Equity is at 2:1, representing a conservative leverage ratio
- 3.5% ratio of impairment reserves to net loans and advances (v/s statutory minimum of 1.5%)
- A very healthy Return on Equity at 9.5% p.a.

1. 2016 SUMMARY FINANCIALS

Amounts (in AED Mln)	2009	2010	2011	2012	2013	2014	2015	2016	Absolute Improvement (2016 v/s 2015)	% Improvement (2016v/s 2015)	CAGR (2009 - 2016)
Customers ('000s)	28.9	57.7	88.6	113.6	137.8	164.6	210.7	254.7	44.0	20.9%	36.5%
Loans & Advances to Customers	173.1	356.7	555.9	757.2	1,025.3	1,504.8	2,012.1	1,957.4	(54.7)	(2.7%)	41.4%
Customer Deposits	32.2	74.1	241.6	414.0	515.1	828.7	1,176.1	1,260.4	84.3	7.2%	68.8%
Revenue	45.6	106.0	205.5	281.4	353.9	506.7	723.2	806.8	83.5	11.6%	50.7%
Operating Expense	136.6	151.7	133.2	135.9	149.3	159.9	200.0	111.1	88.9	44.4%	(2.9%)
Net Income	(116.5)	(87.8)	18.1	73.4	118.5	191.3	217.4	71.3	(146.1)	(67.2%)	
Operating Expense %	141.1%	54.9%	28.1%	20.4%	17.1%	12.8%	11.2%	5.6%	5.6%	49.6%	
Cost/Income %	299.4%	143.1%	64.8%	48.3%	42.2%	31.6%	27.7%	13.8%	13.9%	50.2%	
Cost of Credit %	26.3%	15.3%	11.5%	10.8%	9.9%	12.5%	17.1%	31.7%	(14.6%)	(85.1%)	
Return on Equity %	(32.7%)	(29.2%)	6.7%	23.1%	28.9%	35.6%	32.2%	9.5%	(22.7%)	(70.4%)	

dunia achieved its sixth year of profitability in 2016 with **net income of AED 71.3 Mln**, and delivered a **return on equity of 9.5% p.a.**

This strong performance in 2016 was driven by **careful customer selection in a tough macro environment and top-line growth** (customer base by 20.9%, loans and advances to customers flat to prior year, customer deposits by 7.2% & revenue by 11.6%).

Reflecting continuously increasing cost efficiencies in 2016, **cost-income ratio reduced to 13.8% from 27.7% in 2015.**

While the financial performance in 2016 was strong, over a seven-year period from 2009 to 2016 dunia's **customer base has grown at a CAGR of 36.5%, loans and advances to customers by 41.4%, customer deposits by 68.8%, and Revenue by 50.7%.**

While dunia's results in 2016 illustrate strong delivery on all financial performance metrics, the subsequent sections provide a more comprehensive analysis of underlying performance trends across key business drivers, to facilitate and enable a better understanding of dunia's performance trajectory and business momentum expected in 2017 and beyond.

2. STRONG TOP-LINE GROWTH

2.1 CUSTOMERS AND LOANS & ADVANCES TO CUSTOMERS

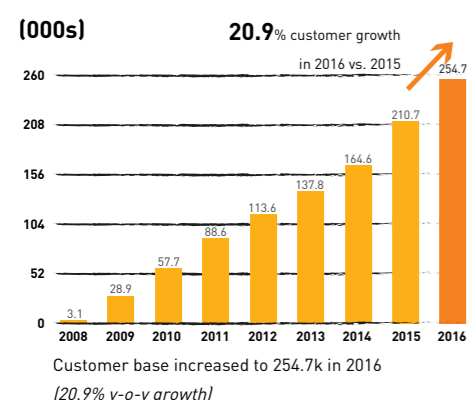
In a short span of 9 years since commencement of business, dunia's customer base has grown to 254.7k in 2016 – representing a 20.9% increase vis-à-vis 2015. This double-digit customer growth was driven by strong acquisition momentum of new customer relationships from dunia's proprietary and partner channels, increased acquisition through e-channels, social media tools and mobile phone based channels.

Keeping in mind the stressed macro environment, dunia management pro-actively shifted gears to a risk-control mode whereby capital was conserved and balance-sheet maintained at 2015 levels of approximately AED 2.0 Bln. This was achieved successfully by focusing on retention of good quality customers, maintaining a healthy risk-reward balance and ensuring a strong positive approach to credit quality.

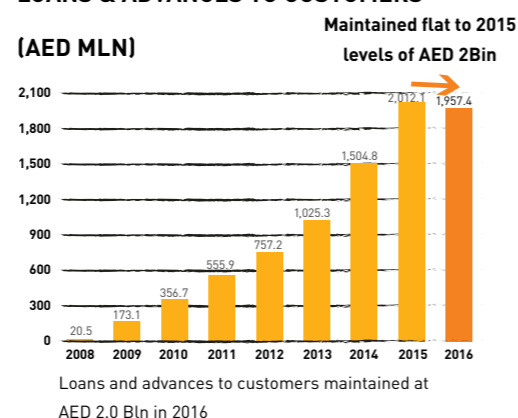
Overall success in maintaining the level of loans and advances to customers was underpinned primarily by dunia's success in selectively acquiring new customers, deepening of existing customer relationships, through cross-sell to increase product penetration per customer and by ensuring a loyal and growing customer base.

These targeted efforts to maximize customer relationship value were implemented in-line with dunia's "test, grow and accelerate" approach, and facilitated through extensive leverage of dunia's proprietary strategic analytics capabilities.

CUSTOMERS



LOANS & ADVANCES TO CUSTOMERS

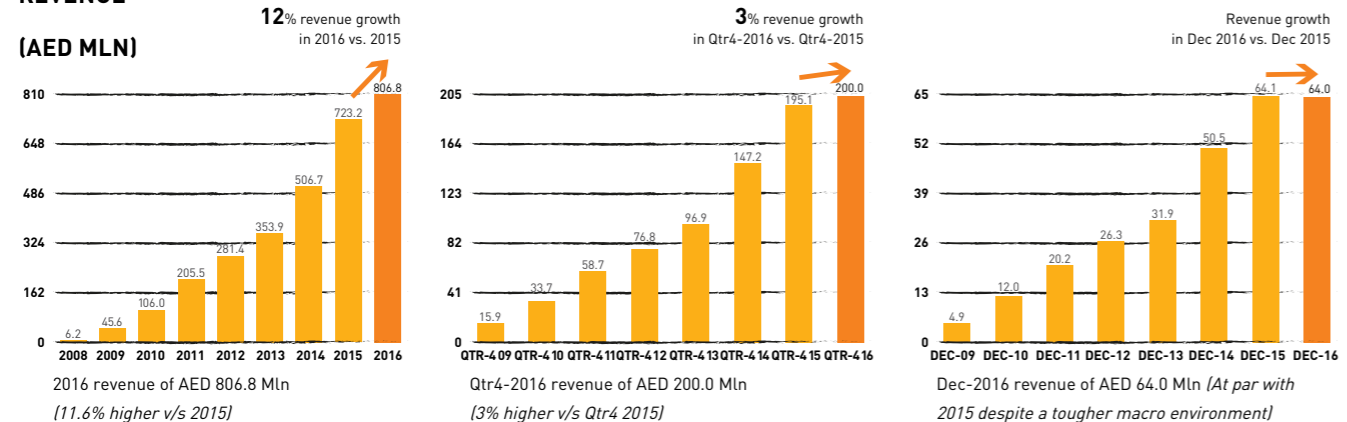


2.2 REVENUE

dunia generated record-breaking revenue of AED 806.8 Mln in 2016 – representing a robust 11.6% increase vis-à-vis 2015. Revenue growth in 2016 was broad-based and diversified, driven by a sizably large balance sheet, healthy yields on loans and advances to customers, steadily increasing income from fees and a stable cost of funds.

In addition to robust y-o-y revenue growth in 2016, the revenue momentum in recent months remains equally strong (Qtr4-2016 revenue of AED 200.0 Mln being 3% higher v/s Qtr4-2015; Dec-2016 revenue of AED 64.0 Mln being at par v/s Dec- 2015) – indicating continued strong forward revenue growth in 2016.

REVENUE



2.3 REVENUE QUALITY

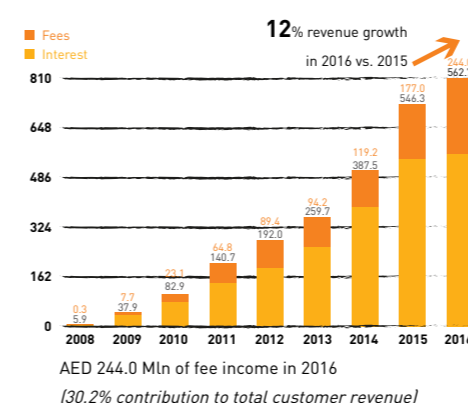
dunia has persistently focused not just on achieving strong y-o-y growth in absolute revenue, but also on building a richly diversified revenue base, through maintaining healthy yields on loans and advances to customers, implementing risk-tiered pricing to maximize risk-reward balance, and increasing contribution from fee-based revenue sources.

Diversifying the revenue mix enables dunia to build greater resilience to margin compression risks and ensures greater capacity to absorb any sudden volatility in operating or credit costs, while helping achieve strong operating leverage – all critical factors for driving predictable, profitable and sustainable growth.

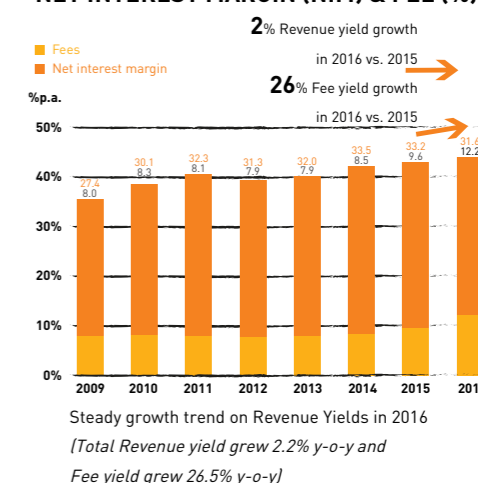
dunia's 2016 revenue mix illustrates the success of this strategy – while achieving a 11.6% y-o-y growth in absolute revenue, aggregate yields (interest and fee income) on loans and advances to customers remained at a healthy 43.8% p.a.

The contribution from fee income is at a robust 30.2% of total revenue (23.6% y-o-y growth).

REVENUE (AED MLN)



NET INTEREST MARGIN (NIM) & FEE (%)

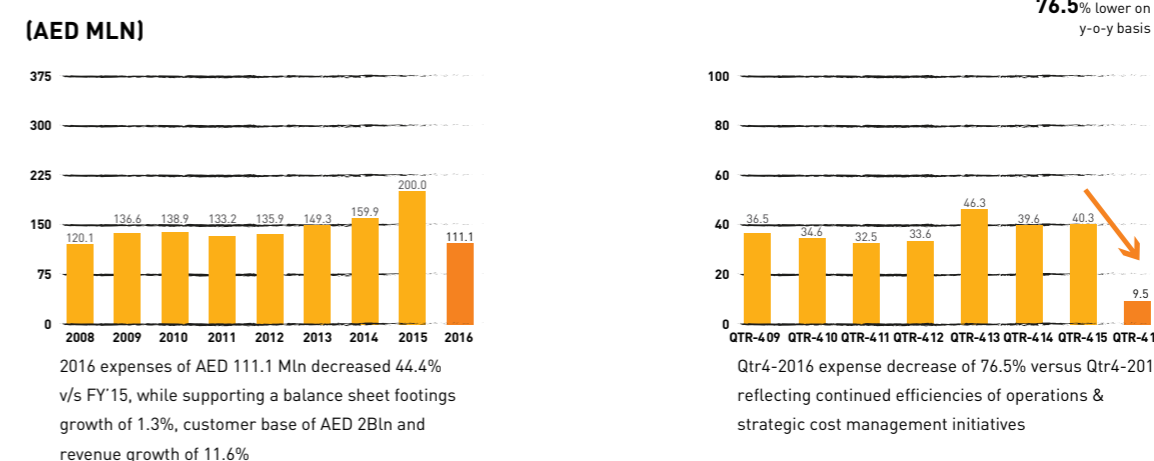


3. GROWTH IN BUSINESS DRIVERS CONTINUE TO OUTPACE GROWTH IN EXPENSES

3.1 OPERATING EXPENSES

dunia's total operating expenses were at AED 111.1 Mln in 2016 – representing a decrease of AED 88.9 Mln in absolute expenses vis-à-vis 2015. This decrease in expenses in a year when revenues increased by 11.6% was a result of the Management's continuous focus on strategic cost management initiatives, which not only helped in keeping a tight control on absolute expenses, but also enabled maximum utilization of infrastructure and capabilities already built while continuing to invest in key infrastructure and franchise enabling initiatives. This ongoing discipline has ensured that top-line growth always exceed growth in expenses, resulting in strong operating leverage and sustainable profitability.

EXPENSES



3.2 STRATEGIC COST MANAGEMENT

The above trends highlight the tight expense discipline and cost controls implemented at dunia since inception, resulting in strongly positive operating leverage in 2016 – as y-o-y expenses are stable on an absolute basis despite continued strategic investments in building long-term capabilities through new products and services, while achieving robust growth in customer base, loans and advances to customers, customer transactions and processing volumes.

Select examples of this on-going strategic cost management approach include: increased focus on front-line hiring (and only for customer-facing and revenue-generating roles), realignment of costs towards the front-end, stretch assignments for senior team through consolidation of roles, rigorous cost renegotiations with external service providers such as IT vendors and landlords, continued tight controls and monitoring on all discretionary expenses and the increased digitalization of services through the use of new-age technology leveraging social media, mobility, big data and analytics, cloud solutions and straight through processing to drive greater efficiency while increasingly becoming a “low cost” provider.

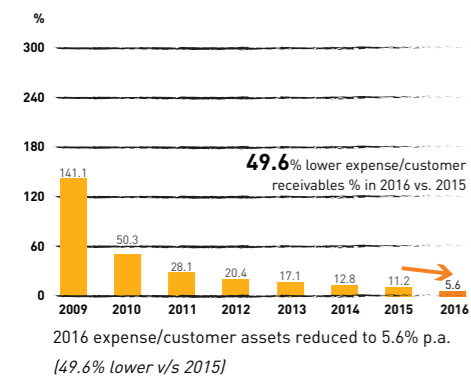
As a result of these sustained efforts on increasing revenue while simultaneously reducing expenses (a “spend-smart” discipline), dunia has achieved continued strong performance in 2016 across key efficiency ratios, such as: cost-income, expense to customer assets, and operating leverage.

3.3 EXPENSE EFFICIENCIES

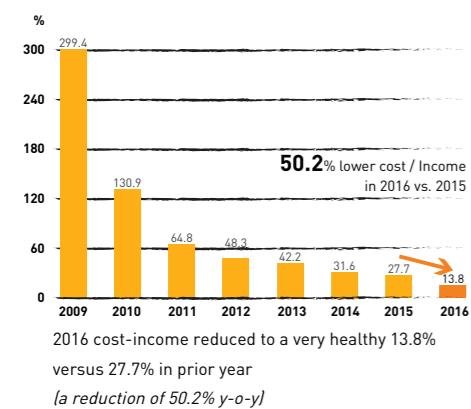
dunia’s Cost-Income ratio, a key indicator of overall financial and operating efficiency, has further reduced to 13.8% in 2016 – representing a 50.2% improvement compared to 2015. Similarly, dunia’s ratio of expenses to loans and advances to customers, an equally important indicator highlighting economies of scale, has further reduced to 5.6% p.a. in 2016 – representing a 49.6% improvement vis-à-vis 2015.

Both these ratios are a strong reflection of the success achieved in 2016 from the on-going focus on strategic cost management initiatives and the “spend-smart” discipline being followed at dunia.

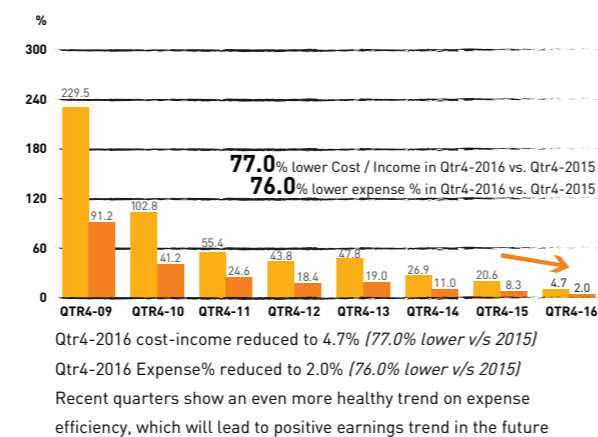
EXPENSE / CUSTOMER RECEIVABLES (%)



COST / INCOME RATIO (%)



COST / INCOME RATIO (%)

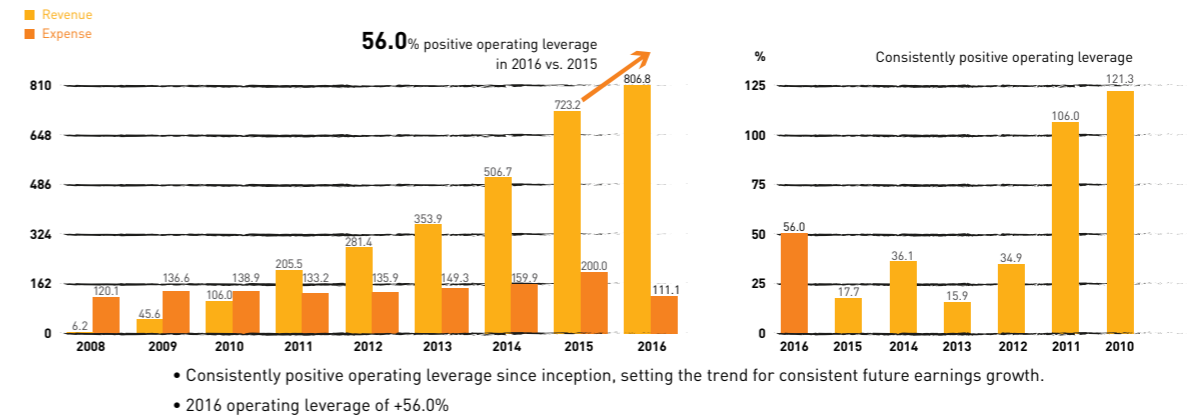


3.4 OPERATING LEVERAGE (JAWS)

Operating leverage is defined as the gap between revenue growth and expense growth over a specific time period. A positive reading implies that revenues are growing faster than expenses, which is a basic health-check on sustainability of the business’ profit growth trajectory. Therefore, operating leverage is another key indicator of operating efficiency in a business.

dunia has achieved an operating leverage of +56.0% in 2016, indicating that its y-o-y revenue growth rate far exceeds the rate of growth in expenses.

OPERATING LEVERAGE (AED MLN)



4. PORTFOLIO QUALITY & YIELD

4.1 COST OF CREDIT

The Management has consistently adopted a policy of timely recognition of inherent credit losses in the portfolio, which has helped in building adequate loss absorption capacity to insulate the portfolio from inherent as well as unforeseen stresses.

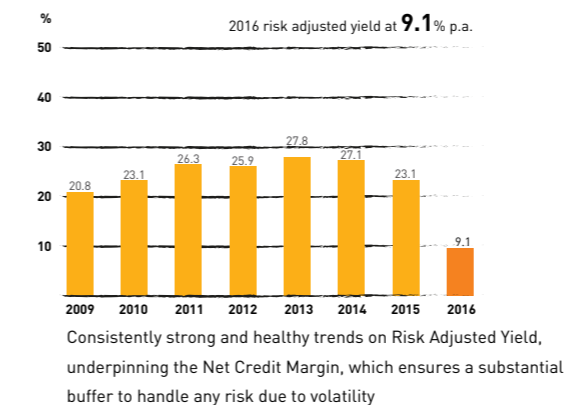
As a result of this prudence, dunia has built an impairment reserve of AED 71.3 Mln which translates into an NPL cover of 94% demonstrating dunia’s success track record in gradually building a granular, diversified, and well-balanced portfolio of loans and advances to customers.

4.2 RISK ADJUSTED YIELDS (RAY)

Risk adjusted yields are defined as the net credit margin between the earning capability of a lending portfolio (i.e. revenue yield) and its credit quality (i.e. cost of credit). The quantum of net credit margin illustrates the room available to absorb operating expenses, to be able to deliver a positive return on assets. Therefore, risk adjusted yields are another key indicator of the portfolio’s profitability dynamics.

dunia’s risk adjusted yields on loans and advances to customers have consistently been positive in the past eight years and was a healthy 9.1% p.a. in 2016, supported by healthy revenue yields despite a tough macro environment and harsh credit cycle.

RISK ADJUSTED YIELD (%)

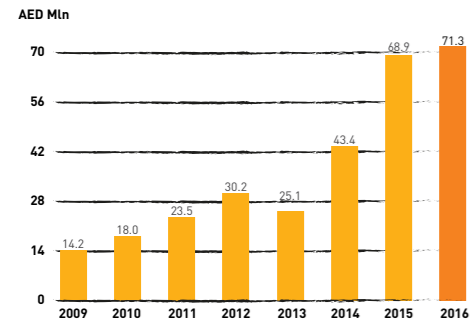


4.3 LOSS ABSORPTION CAPACITY

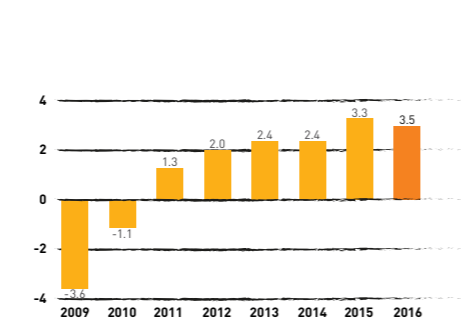
dunia maintains a robust NPL cover of AED 71.3 Mln as of December 2016, which provides a healthy capacity to absorb losses, while further insulating the portfolio from any unforeseen stress events, thereby protecting the business from potential future shocks.

Moreover, as of December 2016, dunia's impairment reserve stood at 3.5% of total loans and advances to customers less than 120 days past due which too is substantially higher than the market average and is very healthy from a risk management standpoint.

IMPAIRMENT RESERVES



LOSS ABSORPTION CAPACITY (X TIMES)



dunia continues to maintain very healthy impairment reserves, NPL Cover in excess of AED 70Mln and sufficient loss absorption capacity

5. PROACTIVE LIQUIDITY RISK MANAGEMENT

Prudent liquidity management is one of the fundamental priorities for any financial institution, and ensuring sufficient availability of funding at all times is especially imperative in the highly volatile and stressed macro-economic environment prevailing since the onset of the global financial crisis in 2008.

These fundamental priorities are even more critical for a non-bank financial institution like dunia. Being proactive and fully cognizant of this challenge, the Management has persistently focused on establishing dunia as a deposit-taking institution since its inception, to provide access to multiple sources of long-term stable funding.

As a result of this concerted focus on liquidity risk management, dunia has been successfully established as a depository institution with a rapidly growing base of granular and tenured customer deposits. dunia sources deposits from corporate customers, and also raises deposits through the issuance of Labor Guarantees for its corporate customers (which are cash collateralized).

dunia's customer deposits have increased to AED 1,260 Mln in 2016 – representing a growth of 7.2% versus 2015. In balance sheet terms, customer deposits fund 64% of loans and advances to customers as of December 2016. This is in-line with Management's strategy to increasingly self-fund business growth through customer deposits, while minimizing reliance on professional funding sources.

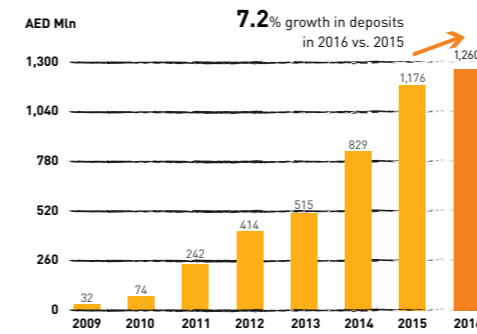
Not only have deposit balances grown strongly, deposit customer base has increased by 12.1% to 2,600+ customers in 2016 – reflecting the strategy to minimize concentration risk on customer funding. Consequently, the average size of customer deposits is at a healthy AED 0.2 Mln per customer in 2016 – thereby ensuring granularity of deposits to reduce concentration risk.

Other key indicators on the customer deposit portfolio have also improved substantially in 2016, including: average tenor of 46 months – reflecting the focus on building a stable, long-term source of customer funds, and average cost of funds at 4.8% p.a. – reflecting the focus on competitive customer deposit pricing vis-à-vis the cost of professional funding.

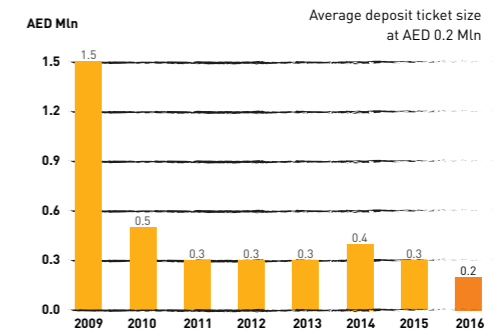
All the above parameters are a strong indication of dunia's continued success in building a highly diversified, stable and lower cost customer deposits portfolio. In addition to raising customer deposits, dunia has successfully arranged credit facilities from leading banks, which provide additional liquidity buffers to safeguard the business in the event of any contingency.

Additionally, dunia self-imposed / adopted an ELAR policy in 2015 resulting in the mandatory maintenance of a percentage of deposits as liquid assets. The ELAR reserve as of Dec'16 is at AED 134.8 Mln.

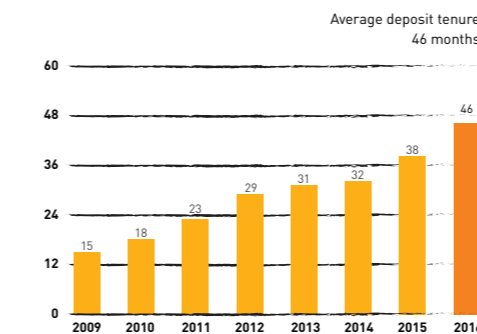
DEPOSITS



AVERAGE TICKET SIZE

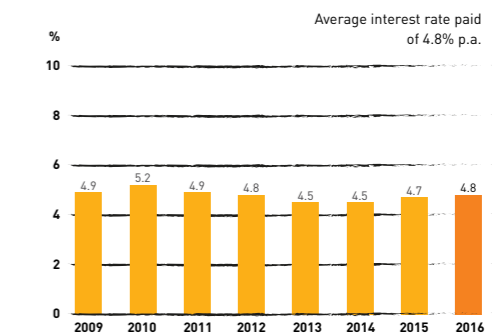


AVERAGE TENURE (MONTHS)

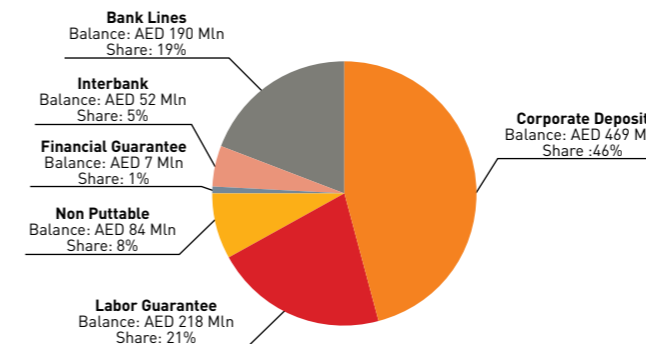


Healthy growth of granular deposits with lengthening tenure

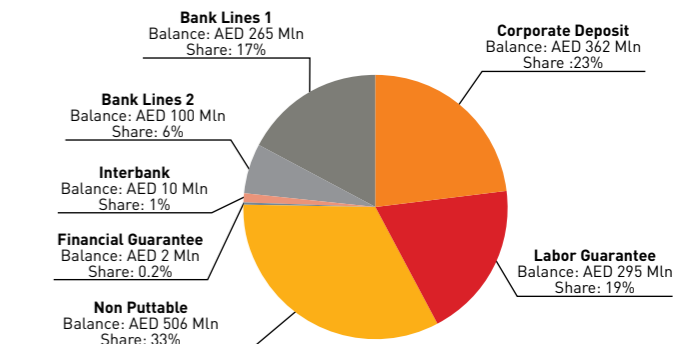
AVERAGE INTEREST RATE (%)



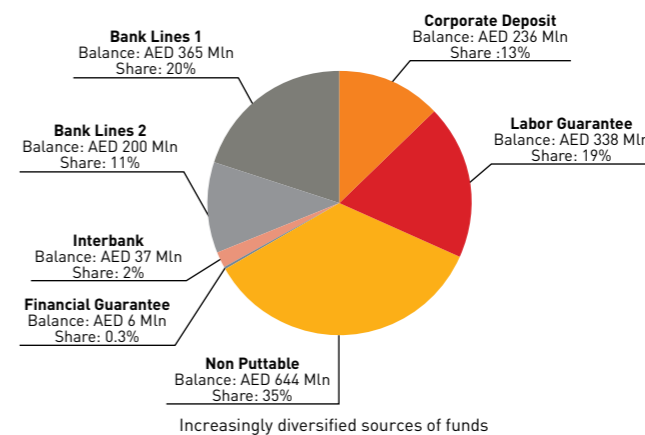
Funding Mix (Dec'14 – AED 1,019 Mln)



Funding Mix (Dec'15 – AED 1,541 Mln)



Funding Mix (Dec'16 – AED 1,825 Mln)

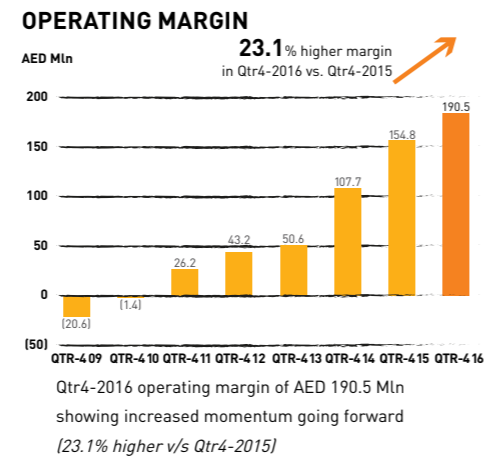
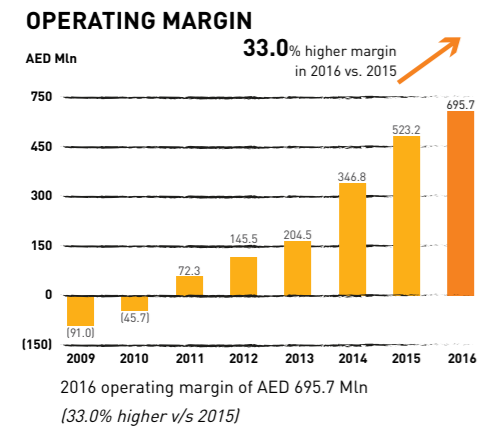


6. STRONG VALUE CREATION AND SHAREHOLDER RETURNS

6.1 OPERATING MARGIN

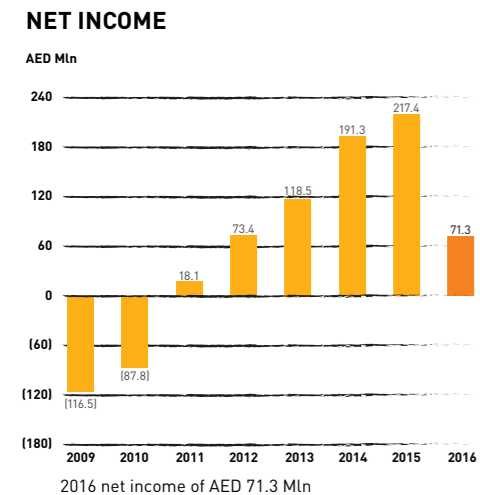
Operating margin is defined as the difference between revenue and operating expenses. The quantum of operating margin illustrates the cushion available to absorb cost of credit, to be able to deliver a profit. Therefore, operating margin is one of the key indicators of a business' operating profitability.

dunia's operating margin has increased by 33.0% to AED 695.7 Mln in 2016, driven by 11.6% revenue growth. Additionally, the underlying momentum in recent months remains strong as well (Qtr4-2016 margin of AED 190.5 Mln being 23.1% higher v/s Qtr4-2015).



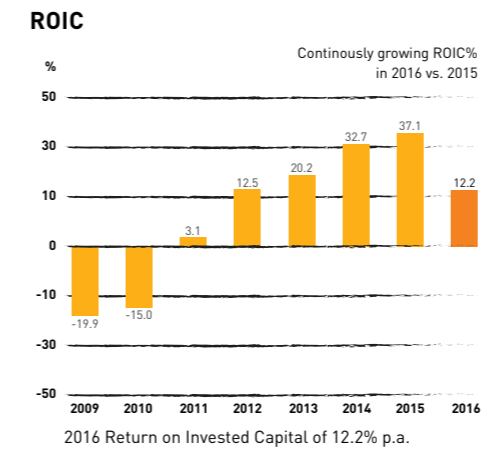
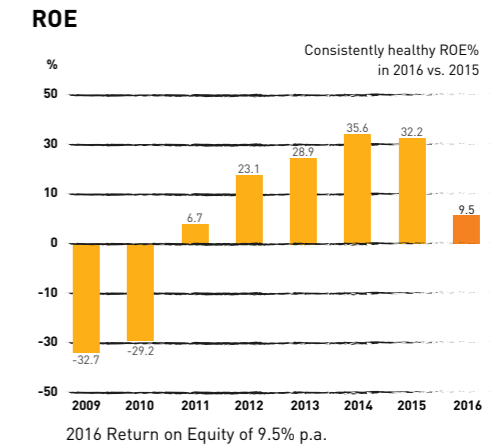
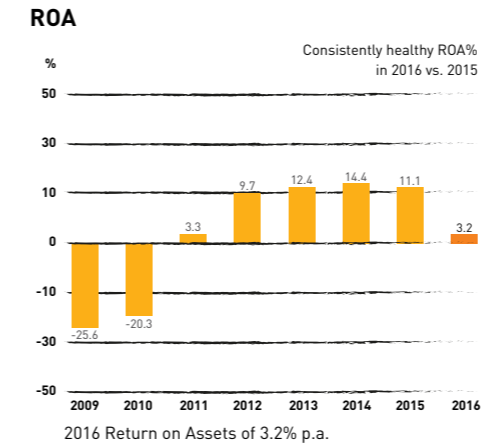
6.2 NET INCOME

dunia has delivered its sixth full-year of profitability with a net income of AED 71.3 Mln in 2016. As highlighted in preceding sections, this was a difficult year for the financial markets and the macro environment. However, dunia's strong and well established business practices and risk management framework have acted as enablers of financial performance driven by strong revenue growth, stable revenue yields, highly efficient cost to income ratio and effective risk adjusted pricing actions.



6.3 RETURN ON ASSETS (ROA), EQUITY (ROE) & INVESTED CAPITAL (ROIC)

In-line with the robust performance across all measures of the top-line and bottom-line, dunia has delivered a full-year ROA of 3.2% p.a., ROE of 9.5% p.a. & ROIC of 12.2% p.a. in 2016.

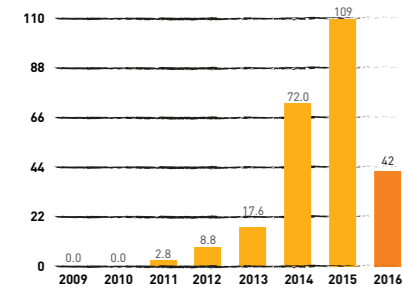


6.4 DIVIDEND

dunia started the trend of paying annual dividends to its shareholders from its first year of profitability in 2011. The dividend quantum has grown from AED 2.8 Mln (AED 0.5/Share) in 2011 to AED 72.0 Mln (AED 13.1/Share) in 2014, to AED 109.0 Mln (AED 19.8/Share), to AED 42 Mln (AED 7.6/share) in 2016.

DIVIDEND

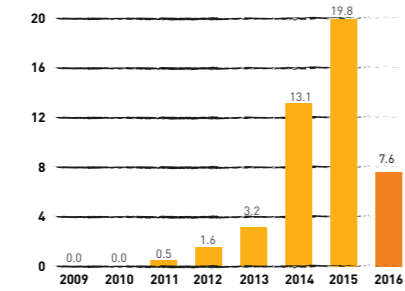
(AED MLN)



AED 42.0Mln dividend in 2016

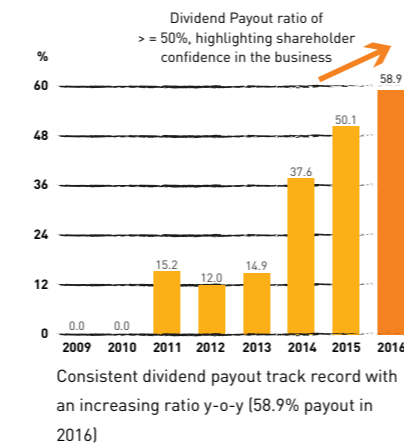
DIVIDEND / SHARE

(AED)



AED 7.6/share dividend paid for 2016

DIVIDEND / NET INCOME

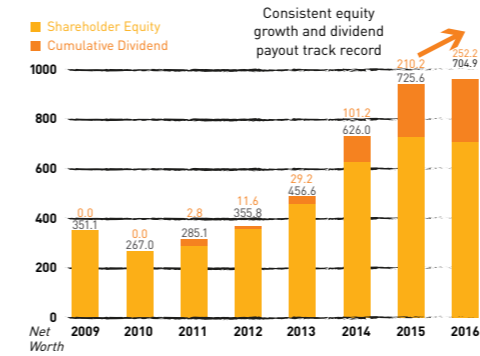


6.5 SHAREHOLDER NET WORTH

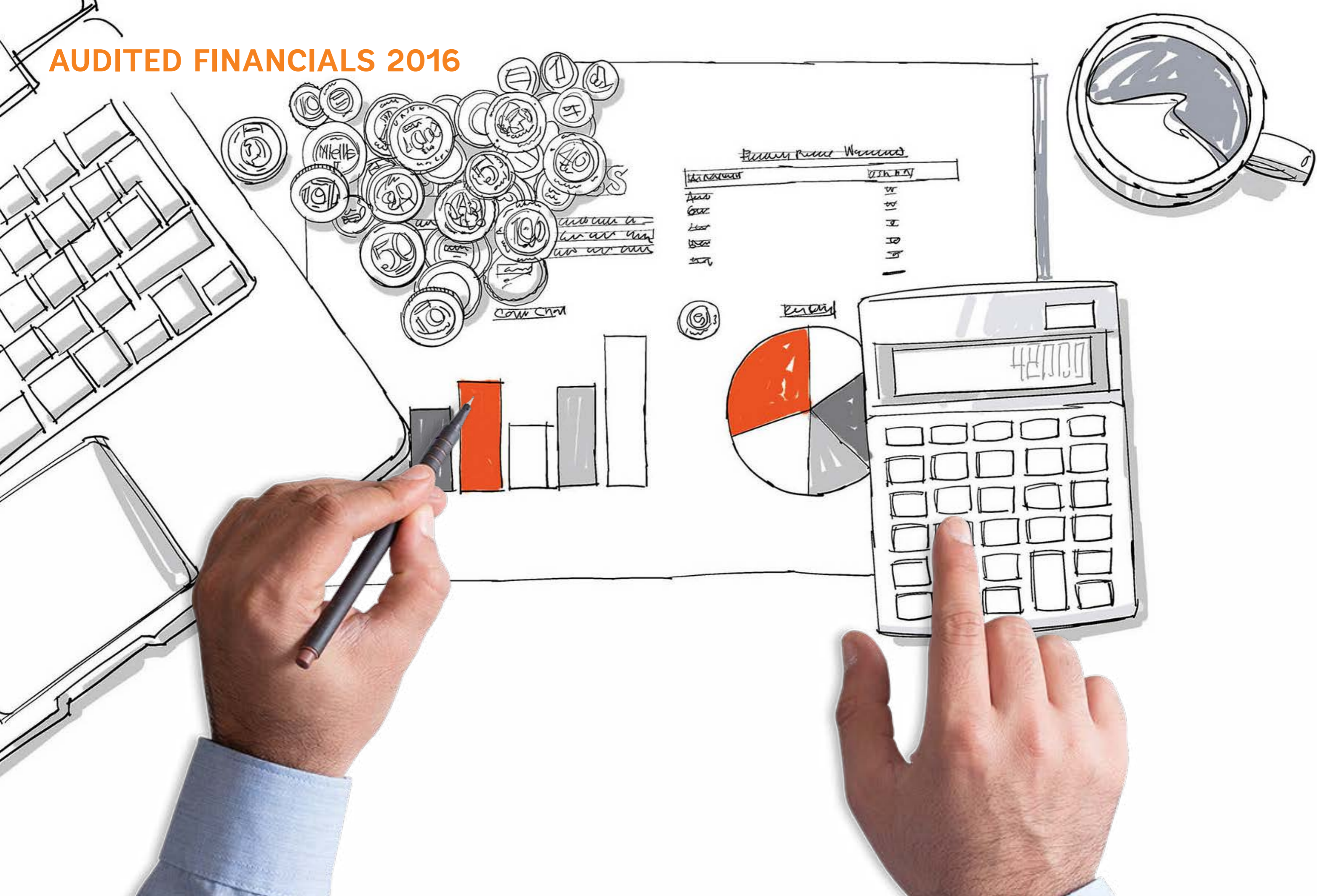
dunia's robust performance across all measures of the top-line and bottom-line has translated into an accelerated growth in shareholder equity with consistent year on year dividend payout record.

The shareholder net worth has grown 8.0% over 2015 to AED 957.0 Mln including a cumulative dividend of AED 252.2 Mln paid out since inception.

EQUITY & CUMULATIVE DIVIDEND (AED MLN)

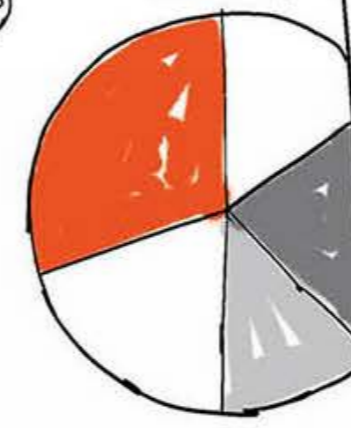


AUDITED FINANCIALS 2016



Business Performance Summary

Quarter	2016	2015
Q1	100	100
Q2	100	100
Q3	100	100
Q4	100	100
Year	100	100



DIRECTOR'S REPORT

Dear Shareholders,

The Directors present their report to the shareholders together with the audited financial statements of Dunia Finance LLC ("the company") for the year ended 31 December, 2016 and the financial position of the company as at 31 December, 2016.

Background

The company, also known as "dunia", was formally established on 7 July, 2008 as a limited liability company registered in UAE, having its registered office in Abu Dhabi. dunia is a finance company formed as a strategic partnership between Fullerton Financial Holdings Pte Ltd - a wholly owned subsidiary of Temasek Holdings Pte Ltd in Singapore; Mubadala Development Company PJSC - a business development and investment company wholly owned by the Government of Abu Dhabi; Al Waha Capital PJSC - a diversified investments holding company and A. A. Al Moosa Enterprises LLC - a leading local business house and prominent real estate group in UAE.

Directors

The directors of the company in office at the date of this report are as follows:

1. Mr. Salem Rashid Al Noaimi, Chairman
2. Mr. Rajeev Kakar, Managing Director and Chief Executive Officer
3. Mr. Gan Chee Yen, Director
4. Mr. Omar Eraiqat, Director
5. Dr. Ahmed Khalil Al Mutawa, Independent Director

Share capital and share premium

The authorized, issued and paid up share capital of the company is 5,500,000 shares (2015: 550,000 shares) of AED 100 each (2015: AED 1,000 each), amounting to AED 550,000,000 (2015: AED 550,000,000). Of these, 330,000 shares were issued at a premium of AED 110 each, amounting to AED 36,300,000 (2015: AED 36,300,000). The company's capital adequacy ratio is 31.5% (2015: 33.1%), significantly higher than the minimum 15% stipulated by the Central Bank of the UAE.

Business Evolution

dunia recorded a profit of AED 71.3 Million (2015: AED 217.4 Million) during fiscal year 2016.

The increasingly positive impact of dunia's customer centric philosophy and sustainable approach to growth is reflected in a 20.9% increase in total customer numbers over the course of 2016. dunia now has 255,000 customers. The company saw growth in customer deposits, which were up by 7% against the prior period to reach AED 1.3 Billion.

The year under review saw the economy go through severe macro-economic stress triggered by a combination of global and regional issues. This in turn resulted in large scale consolidation and austerity measures both in the government and private sector, business restructuring and failures, job losses and stress in the corporate and SME sector. dunia has responded proactively by taking a number of strategic steps to conserve future value and strategically realign the business to the new macro scenario.

- Prudently downsized the balance sheet, minimized risk to capital, retained liquidity, ensured high quality revenue and grew net worth
- Tighten credit underwriting criteria, recalibrate scores & deepening actions
- Continue acquisition of new customers at lower exposure limits
- Maintain steady yields
- Grow top-line revenue
- Sharpen on-going focus on "strategic cost management" initiatives resulting in maintaining positive JAWS & efficient Cost/Income ratio
- Widen operating margin to create room for absorption of provisions
- Conservatively make provisions to avoid kicking the can down the road to avoid a systemic risk impact while retaining value for recovery in the future by keeping Risk adjusted returns positive
- Invest in our customer relationships by restructuring customer debt with easier payment plans
- Ensured profitability in FY2016 despite increased provisions & grew capital / Net-worth
- Enhance service levels to retain good customers and minimize attrition

The dunia team has responded quickly to these realigned strategic priorities to ensure "Predictable and Profitable" returns on a sustained basis to ensure long term growth and conserve future franchise value despite unanticipated stress conditions.

Funding quality has continued to improve. Credit facilities from banks increased to AED 565 million. dunia self-imposed a Liquid Assets ratio maintained with UAE banks resulting in cash and deposits with banks being maintained at AED 202.5 million. These measures combined have substantially improved the liquidity profile of the portfolio.

Financial Performance

dunia recorded a strong financial performance in fiscal year 2016 proving the resilience, predictability, profitability and sustainability of the business model:

- Profits of AED 71.3 Million
- Dividends of AED 7.64 per share for 2016
- Excellent liquidity management with asset growth fully self-funded through granular and tenured customer deposits – which grew 7% by an incremental AED 84 Million during 2016
- 21% y-o-y growth in customer base to 255k customers
- 12% increase in talent base to 1,348 staff
- Customer receivables at AED 2 Billion
- 7% y-o-y growth in customer deposits to AED 1.3 Billion
- 12% y-o-y growth in deposit customer base to 2,630 customers
- Customer asset fully funded by deposits and retained earnings
- No dependency on professional funds which were used for diversification only
- 12% y-o-y growth in revenue to AED 807 Million
- Healthy CAR maintained at 31.5%, v/s 33.1% in 2015
- 50% improvement in Cost-Income at a healthy 14%, v/s 28% in 2015
- Loss absorption capacity of 1.1x
- 56% positive Operating Leverage
- 3.5% ratio of Impairment Reserves to Receivables
- 3.2% Return on Assets
- 9.5% Return on Equity
- Shareholder net worth at AED 705 Million

dunia's business performance continues to grow positively showing a continued strong growth trend in the year ahead. dunia has been prudent in loss recognition and its total impairment reserves is at a healthy ratio of 3.5% of customer assets significantly higher than regulatory requirements.

dunia has focused on building adequate liquidity and grown the customer deposit portfolio by AED 84 Million through the year, ensuring that customer assets have been entirely self-funded through customer deposits and retained earnings. Liquidity continues to be managed prudently with the result that cash and deposits with banks stood at AED 202.5 million as at the year end.

Franchise

Fitch has maintained dunia's credit rating of BB with a "stable" outlook. This standalone rating reflects strong portfolio growth and track record, improved funding profile, solid financials, strong capital ratios and capable management. dunia also continued to focus on its customer centric business approach, while ensuring a commitment to excellence in all aspects of the business. dunia invested in building its brand to make it an even stronger and well recognized brand.

Creating Capabilities

In line with dunia's commitment to providing quality products & services to its customers, dunia has taken the lead in introducing digital new-age technology in the area of 'Social Media, Mobility, Analytics, and Cloud (SMAC) computing solutions' to further enhance value to our customers. A range of online platforms and mobile applications have been launched over the past year, offering our customers enhanced value. Digitization is a key theme at dunia. dunia endeavors to always stay ahead by imbibing the latest innovations and technology to enhance customer experience and ensure customer delight at every stage. dunia has introduced a range of Mobile Apps catering to both individual and corporate customers, as well as a range of services under the 'duniaQwik' suite which offers seamless transactions via mobile.

In addition, dunia has continued to invest in refreshing its technology infrastructure and enhance the information security capability.

Driving sustainability

Since its inception in September 2008, dunia adopted sustainability in the heart of its business and still places a huge amount of effort into sustainability incentives and initiatives for customers. At dunia, we are truly committed to sustainability and the adoption of business practices that further our social responsibilities in the UAE whilst still delivering financial returns. dunia is the only finance company signatory to the Dubai Declaration of Financial Institutions in the UAE on Sustainable Finance under the auspices of the Ministry of Climate Change and Environment. The Ministry of Environment recognized dunia in its UAE State of Green Economy 2017 as amongst the financial institutions with the highest number of best practices.

dunia also launched the dunia Green Car Loan, a unique lower rate loan available for environmentally friendly cars. The launch of the dunia Green Car Loan is in line with the company's on-going commitment to the UAE's drive for sustainable growth and a further display of the organizations dedication to achieving greener results. The launch of the new loan is in line with the company's long-term growth strategy of building a strong and resilient business that is focused on making a difference to the people and communities we serve.

The dunia Sustainability Report is also published annually, in line with the company's focus on building a robust best practice and corporate governance environment. The report is developed in conformance with the Global Reporting Initiative (GRI) G4 standards which sets the global benchmarks for sustainability.

Success through Exceptional Service

dunia has been repeatedly ranked as an "A category" service provider for exceptional service consistently over the last 5 years by Gulf News, the leading publication in the UAE. This exceptional service award is a tribute to dunia's continued focus on the customer and ensuring "customer delight" at all times.

Engaging with the community

dunia Cares, dunia's Corporate Social Responsibility, continues to focus on the community's pressing issues of health, environment, social welfare and education. dunia relies on its staff, customers, partners, and the wider community to engage in key initiatives which help address these issues.

dunia has led several key initiatives in 2016 across its key focus areas of Social Responsibility, Health, Environment and Education – blood donation drives, educational programs, social welfare initiatives, as well as environmental campaigns.

dunia announced the launch of an endowment program, open to students in schools and universities as a mentoring platform for young business leaders. The endowment initiative was launched by dunia following the announcement of the 'Global Vision for Endowment', which was launched by His Highness Sheikh Mohammed bin Rashid Al Maktoum, UAE Vice President and Prime Minister and Ruler of Dubai, to revive the practice of endowment through innovative applications. The concept of the Dunia Young Business Leaders Endowment through efforts and resources comes from dunia in coordination with the Mohammed Bin Rashid Global Center for Endowment Consultancy (MBRGCEC) to strengthen the utilization of endowment through innovative applications into projects that are not necessarily confined to traditional frameworks. dunia has received the Dubai Endowment Sign from the MBRGCEC, one of the key initiatives under the Mohammed bin Rashid Global Initiatives, in recognition of its contribution to the community as a model for private sector enterprises. The Dunia Young Business Leaders Program was launched in 2013 and given the great success of the program, it has now become an annual offering. In 2016, we successfully ran the fourth edition of the award winning Dunia Young Business Leaders Program.

dunia in partnership with The University of Chicago Booth School of Business offered up to 8 scholarships in 2016 to selected applicants of Summer Business Scholars Program at The University of Chicago Booth School of Business. This unique program offers an opportunity to learn business fundamentals, engage in workshops on leadership, networking and problem solving and interact with Fortune 500 companies. This unique scholarship program is yet another one of dunia's empowerment initiatives aimed at empowering the youth and enabling their success.

People

In line with dunia's strategy to continuously ensure that focus is skewed towards the front line and customer interfacing units, teeth to tail ratio stood at 91% in 2016 (2015: 91%).

In its endeavour to enable and help young students, dunia has signed an agreement with the distinguished Indian Institute of Management, Ahmedabad (IIMA), to offer scholarships to students studying Post Graduate Programme (PGP) in Business Administration. IIMA, considered one of the top management schools in the world, is currently ranked 16th by the Financial Times Masters in Management Rankings. The scholarship agreement aims to bring together the academia and the corporate world, to nurture talent and increase our brand recognition and perception as an employer of choice in leading business schools.

Even in a stress period, we took the opportunity to invest in our talent base through retooling, motivating and investing in training because talent drives success and is our unique value proposition. dunia talent grew by 12% to 1,348. We invested 20,800 hours of training on our talent base.

dunia places special emphasis and commitment to the Nation's key priority of developing UAE talent and ensuring that UAE Nationals become future leaders. In line with this objective, dunia offers various opportunities under the 'Kawader dunia' program for developing UAE National talent – whether as full time experienced employees, part timers, or fresh graduates. Several high potential UAE National managers were sponsored for the Accelerated Development Programme – a top-tier three week management development programme across key management skills and other similar executive development programmes conducted by the University of Chicago Booth School of Business. dunia achieved a healthy Emiratisation ratio of 15%.

Diversity is a theme at dunia and we ensure to attract talent from different ethnic backgrounds, with different experiences, who have also worked in various geographies. dunia employs many nationalities and also places special emphasis on women empowerment and ensuring that women are empowered and enabled to succeed in their roles and become industry and nation leaders. dunia currently has 33% of management roles being led by women, who continue to bring unique ideas and dimensions to the table. In addition, 79% of dunia's UAE National employees are also women.

Process

There is a strong focus in dunia on optimizing resources and maximizing efficiency, while ensuring strong controls and discipline are in place. At dunia, we follow a rigorous discipline of ensuring high process control standards, strategic cost management and strategic risk management practices, while following a culture of excellence on corporate governance standards. We continue to also ensure the highest standards of transparency and disclosure in dealing with our customers, employees and the wider stakeholders in line with our shared responsibility to deliver at the highest standards. This is in line with our continuous endeavor to raise the bar, in our commitment to serve our customers fairly, while delivering value, and also build a franchise that is admired by all.

dunia continues to streamline its operational framework and processes in order to be able to offer a seamless experience to customers, at a lower cost and more efficiently. dunia's Cost / Income ratio has improved sharply from 27.7% in 2015 to 13.8% in 2016.

Auditors

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for reappointment.

Acknowledgement

The Directors wish to specially recognize the co-operation extended by every member of the dunia family and thank them for their ongoing contribution. The Directors are also thankful for the wholehearted support received from the Central Bank of the UAE, various Ministries of the UAE Government, the company's bankers, the company's valued customers & dunia's shareholders.

On behalf of the Board,



Rajeev Kakar
Managing Director and Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DUNIA FINANCE LLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Dunia Finance LLC ('the Company') as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Other information

Management is responsible for the other information. The other information comprises the Directors' report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

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

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

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

Responsibilities of Management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

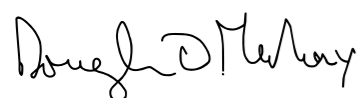
Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No (2) of 2015, we report that:

- (i) we have obtained all the information we considered necessary for the purpose of our audit;
- (ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015 and the Memorandum of Association of the Company;
- (iii) the Company has maintained proper books of account and the financial statements are in agreement therewith;
- (iv) the financial information included in the Directors' report is consistent with the books of accounts of the Company;
- (v) the Company has not purchased or invested in any shares during the financial year ended 31 December 2016;
- (vi) note 11 to the financial statements discloses material related party transactions, and the terms under which they were conducted;
- (vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened, during the financial year ended 31 December 2016, any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Memorandum of Association which would materially affect its activities or its financial position as at 31 December 2016.

Further, as required by the UAE Union Law No (10) of 1980, as amended, we report that we have obtained all the information and explanations we considered necessary for the purpose of our audit.

PricewaterhouseCoopers
30 March 2017



Douglas O'Mahony
Registered Auditor Number 834
Dubai, United Arab Emirates

STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2016 AED'000	As at 31 December 2015 AED'000
ASSETS			
Cash balances	5	491	474
Due from banks	5	201,994	130,843
Loans and advances, net	6	1,957,371	2,012,091
Property and equipment	7	11,463	12,973
Intangible assets	8	9,105	10,742
Other assets	9	20,061	16,490
Due from related parties	11(b)	15,266	-
Total assets		2,215,751	2,183,613
LIABILITIES AND EQUITY			
LIABILITIES			
Customer deposits	10	1,260,400	1,176,146
Due to related parties	11(b)	1,176	8,398
Borrowings	12	153,412	120,000
Provision for employees' end of service benefits	13	7,493	7,445
Other liabilities	14	88,407	146,060
Total liabilities		1,510,888	1,458,049
EQUITY			
Share capital	15	550,000	550,000
Share premium		35,544	35,544
Statutory reserve	18	69,004	61,874
Retained earnings		50,315	78,146
Total equity		704,863	725,564
Total liabilities and equity		2,215,751	2,183,613

These financial statements were approved by the Board of Directors on 7 March 2017 and were signed on its behalf by:



Salem Rashid Al Noaimi
Chairman



Venu Parameshwar
Chief Financial Officer



Rajeev Kakar
Managing Director and
Chief Executive Officer

The notes on pages 123 to 146 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2016 AED'000	Year ended 31 December 2015 AED'000
Interest income	19	624,276	594,223
Interest expense	19	(61,537)	(47,948)
Net interest income		562,739	546,275
Fees and commission income, net	20	244,026	176,950
Operating income		806,765	723,225
Impairment charge, net	21	(624,355)	(305,823)
General and administrative expenses	22	(105,395)	(195,398)
Amortisation and depreciation	7,8	(5,716)	(4,603)
Net profit for the year		71,299	217,401
Other comprehensive income		-	-
Total comprehensive income for the year		71,299	217,401

The notes on pages 123 to 146 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Issued share capital AED'000	Share Premium AED'000	Statutory reserve AED'000	Retained earnings AED'000	Total AED'000
At 1 January 2015	550,000	35,544	40,134	285	625,963
Total comprehensive income for the year	-	-	-	217,401	217,401
Dividends paid (Note 16)	-	-	-	(117,800)	(117,800)
Transfer to statutory reserve	-	-	21,740	(21,740)	-
At 31 December 2015	550,000	35,544	61,874	78,146	725,564
At 1 January 2016	550,000	35,544	61,874	78,146	725,564
Total comprehensive income for the year	-	-	-	71,299	71,299
Dividends paid (Note 16)	-	-	-	(92,000)	(92,000)
Transfer to statutory reserve	-	-	7,130	(7,130)	-
At 31 December 2016	550,000	35,544	69,004	50,315	704,863

The notes on pages 123 to 146 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2016 AED'000	Year ended 31 December 2015 AED'000
Operating activities			
Net profit for the year		71,299	217,401
Adjustments:			
Depreciation of property and equipment	7	3,410	2,686
Amortisation of intangible assets	8	2,306	1,917
Employees' end of service benefits	13	1,223	3,078
Impairment charge		672,179	373,143
Loss on disposal of intangible assets, property and equipment	7,8	100	33
Operating cash flows before payment of employees' end of service benefits and changes in working capital		750,517	598,258
Payment of employees' end of service benefits	13	(1,175)	(329)
Operating cash flows before changes in working capital		749,342	597,929
Changes in working capital:			
Loans and advances	6	(618,415)	(880,850)
Other assets	9	(2,753)	(4,350)
Customer deposits	10	84,254	347,454
Due to related parties	11	(22,488)	(2,431)
Other liabilities	14	(57,653)	34,260
Net cash generated from operating activities		132,287	92,012
Investing activities			
Deposits with maturities over 3 months	5	(45,287)	(10,001)
Purchase of property and equipment	7	(2,000)	(8,030)
Purchase of intangible assets	8	(669)	(7,872)
Proceeds from disposal of intangible asset, property and equipment	7,8	138	29
Net cash used in investing activities		(47,818)	(25,874)
Financing activities			
Dividends paid		(92,000)	(117,800)
Borrowings	12	22,000	100,000
Net cash used in financing activities		(70,000)	(17,800)
Net increase in cash and cash equivalents		14,469	48,338
Cash and cash equivalents, beginning of the year		86,189	37,851
Cash and cash equivalents, end of the year	5	100,658	86,189

Notes to the financial statements for the year ended 31 December 2016

1. LEGAL STATUS AND PRINCIPAL ACTIVITY

Dunia Finance LLC ("the Company") was formally established as a limited liability company on 7 July 2008 under the UAE Companies Law. The Company was licensed by the Central Bank of the UAE on 11 September 2008 to operate as a finance company.

UAE Federal Law No. 2 of 2015 (Companies Law) which is applicable to the Company has come into effect from 1 July 2015. The Company is in full compliance with the Companies Law.

The Company's principal activity is providing customer centric financial solutions to its target customer segments.

The Company's registered address is Ground and mezzanine floors, Al Fardan Building, Hamdan Street, PO Box 44005, Abu Dhabi, United Arab Emirates.

The shareholders of the Company and their respective shareholding are as follows:

Bugis Investments Mauritius Pte Ltd (a wholly owned subsidiary of Fullerton Financial Holdings Pte Ltd)	40%
Alpha Investment Company LLC (a subsidiary of Mubadala Development Company PJSC)	31%
Waha Capital PJSC	25%
A A Al Moosa Enterprises LLC	4%

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), interpretations issued by International Financial Reporting Interpretations Committee (IFRIC) and applicable requirements of the laws of the United Arab Emirates. The financial statements are prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore fairly present the financial position and results. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

(a) New standards, amendments and interpretations adopted by the Company

The following new standards and amendments to standards and interpretations are applicable to the Company for the first time for the financial year beginning on or after 1 January 2016.

Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' regarding depreciation and amortisation. This amendment clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption may only be rebutted in certain limited circumstances.

IAS 1 Amendments to IAS 1, 'Presentation of financial statements' Disclosure initiative. The amendments clarify that it may be necessary to disaggregate some of the line items specified in IAS 1 paragraphs 54 (statement of financial position) and 82 (profit or loss). That disaggregation is required where it is relevant to an understanding of the entity's financial position or performance.

IFRS 7, 'Financial instruments: Disclosures' – The amendment related to servicing contracts requires that if an entity transfers a financial asset to a third party under conditions which allow the transferor to derecognise the asset, IFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets.

IAS 19, 'Employee benefits' – The amendment clarifies, when determining the discount rate for post-employment benefit obligations, that it is the currency that the liabilities are denominated in that is important, not the country where they arise.

There is no material impact of the above amendments on the financial statements of the Company.

There are no other IFRSs or IFRIC interpretations that were effective for the first time for the financial year beginning on 1 January 2016 that have had a material impact on the Company's financial statements.

(b) New standards, amendments and interpretations not yet adopted

The following new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements.

Amendments to IAS 7, Statement of cash flows on disclosure initiative. These amendments to IAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities including those from cash flows and other non-cash changes. The new requirement typically entails a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. The amendment is effective for accounting periods beginning on or after 1 January 2017.

IFRS 15, 'Revenue from contracts with customers'. This standard replaces IAS 11, 'Construction contracts', IAS 18, 'Revenue' and related interpretations. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use of and obtain the benefits from the good or service. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard is effective for accounting periods beginning on or after 1 January 2018.

Amendment to IFRS 15, 'Revenue from contracts with customers'. These amendments comprise clarifications on identifying performance obligations, accounting for licenses of intellectual property and the principal versus agent assessment (gross versus net presentation). The IASB has also included additional practical expedients related to transition to the new revenue standard. The amendment is effective for accounting periods beginning on or after 1 January 2018.

IFRS 16 'Leases'. This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The standard is effective for accounting periods beginning on or after 1 January 2019.

IFRS 9, 'Financial instruments'. The complete version of IFRS 9 replaces most of the guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Earlier application is permitted. If an entity elects to early apply, it must apply all of the requirements at the same time.

The Company has plans in place for adhering to the above new standards and amendments to published standards or IFRIC interpretations issued but not yet effective for the Company's financial year beginning on 1 January 2016.

There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued but are not effective for the first time for the Company's financial year beginning on 1 January 2016 that would be expected to have a material impact on the financial statements of the Company.

2.2 FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency in which the majority of its transactions are denominated ("the functional currency"). The financial statements are presented in United Arab Emirates Dirham ("AED"), which is the Company's functional and presentation currency.

(b) Translation and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2.3 INTANGIBLE ASSETS

Software acquired by the Company is stated at cost less accumulated amortisation and impairment. Expenditure on internally developed software is recognised as an asset when the Company is able to demonstrate its intention and ability to complete the development and use the software in the manner that will generate future economic benefits and can reliably measure the costs to complete development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and are amortised over its useful life. Internally developed software is stated at capitalised costs less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when such expenditure increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Direct implementation costs of the Al Etihad credit bureau are capitalised and amortised over the estimated tenor of the related customer product balances.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each date of statement of financial position.

Amortisation is recognised in the statement of comprehensive income on a straight-line basis, at rates calculated to reduce the cost of assets to their estimated residual value over their expected useful lives of 3 to 7 years.

Intangible assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. An intangible asset is derecognised / written off when no future economic benefits are expected from its use or disposal and loss on derecognition of asset is recognised in the statement of comprehensive income for the period in which derecognition occurs.

2.4 PROPERTY AND EQUIPMENT

Property and equipment are stated at historical cost less accumulated depreciation and impairment. The cost of property and equipment includes expenditure directly attributable to the acquisition or construction of the asset as well as expenditure incurred on bringing the asset to the working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which these are incurred.

Depreciation is recognised in the statement of comprehensive income on a straight-line basis, at rates calculated to reduce the cost of assets to their estimated residual value over their expected useful lives, as follows:

	Years
Office and other equipment	3-8
Leasehold improvements	Up to 10
Motor vehicles	3-5

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each date of statement of financial position.

Gains and losses on disposal of property and equipment are determined by comparing the sales proceeds to the carrying value of the asset disposed and are taken into account in determining operating income / (loss).

Capital Work- In -Progress is stated at cost when the asset is ready for use. Capital Work- in-Progress is transferred to the appropriate Property and Equipment or Intangible Asset category and depreciated or amortised in accordance with the Company's policy.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. An asset is derecognised / written off when no future economic benefits are expected from its use or disposal and loss on derecognition of asset is recognized in the statement of comprehensive income for the period in which derecognition occurs.

2.5 LOANS AND ADVANCES

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and advances are initially recognised at fair value, which is the cash consideration to originate the loan and advance including any transaction costs, and measured subsequently at amortised cost using the effective interest rate method. Loans and advances are reported in the statement of financial position as loans and advances to customers net of all impairment reserves including interest receivable on the loans and advances. Interest on loans is included in the statement of comprehensive income and is reported as interest income. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the loan and advances, and recognised in the statement of comprehensive income as impairment charge.

The Company assesses at the end of each reporting period whether there is objective evidence that loans and advances are impaired. Loans and advances are considered impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- Delinquency in contractual payments of principal or interest;
- Demise of the debtor;
- Cash flow difficulties experienced by the borrower;
- Breach of loan covenants or conditions;
- Deterioration of the borrower's competitive position;

Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

- adverse changes in the payment status of borrowers in the portfolio; and
- national or local economic conditions that correlate with defaults on the assets in the portfolio

The estimated period between occurrence of a loss and its identification is determined by management for each identified portfolio.

The Company first assesses whether objective evidence of impairment exists individually for loans and advances that are individually significant and collectively for loans and advances that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed loan or advance, it includes it in a group of loans and advances with similar credit risk characteristics and collectively assesses them for impairment. Loans and advances that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

For the purposes of a collective evaluation of impairment, loans and advances are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Company's evaluation process that considers category type, past-due status and other relevant factors).

The impairment charge on a group of loans and advances is collectively evaluated for impairment and estimated on the basis of historical trends of the probability of default, timing of recoveries and amount of loss incurred. Default rates, loss rates and expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure they remain appropriate. Where historical data is not sufficient to assess trends, market loss experience is substituted using a lagged approach whereby loss rates are based on movement of accounts from one stage of delinquency to another.

The amount of the loss is measured as the difference between the carrying amount of the loan or advance and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the original effective interest rate of the loan or advance. The carrying amount of the loan or advance is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income. If a loan or advance has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

When a loan or advance crosses the stipulated trigger for 100% specific provision, it is netted off against the related impairment allowance. If no related impairment allowance exists, it is written off to the statement of comprehensive income. Subsequent recoveries, if any, are credited to the statement of comprehensive income.

Loans that are either subject to individual or collective impairment assessment and whose terms have been renegotiated are no longer considered to be past due but are treated as new loans. In subsequent years, the asset is considered to be past due and disclosed if contractually delinquent and renegotiated again.

2.6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held with original maturities of three months or less, net of bank overdrafts.

2.7 OTHER EMPLOYEE BENEFITS

The amount payable to employees in respect of the Company's equity based payment scheme, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees become eligible to payment. The liability is re-measured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as staff costs in the statement of comprehensive income.

All other employee benefits are accrued for as and when services are rendered by the employees.

2.8 PROVISIONS

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the obligation amount can be made.

2.9 REVENUE RECOGNITION

(a) Interest income and expense

Interest income and expense is recognised in the statement of comprehensive income using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments through its expected life (or, where appropriate, a shorter period) to the net carrying amount of the financial asset or liability respectively.

While calculating effective interest rate, cash flows are estimated considering all contractual terms of the financial instruments, but not future credit losses. The calculation includes all discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisers, brokers and dealers. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

(b) Fees and commission income

Fees and commission income that are integral to the effective interest rate on a financial asset or liability are included in the calculation of the effective interest rate to arrive at the amortised cost of financial asset and financial liability.

Other fees and commission income are generally recognised as and when the service has been provided.

2.10 EMPLOYEES' END OF SERVICE BENEFITS

Pension contributions are made in respect of UAE national employees to the UAE General Pension and Social Security Authority in accordance with the UAE Federal Law No (7), 1999 for Pension and Social Security.

Provision is made for the end of service benefits due to expatriate employees in accordance with UAE Labour Law and the requirements of IAS 19 for their periods of service up to the date of these financial statements. The provision for the end of service benefits is calculated annually by independent actuaries using the projected unit credit method.

2.11 LEASES

The leases entered into by the Company are operating leases. Payments made under operating leases are charged to other operating expenses in the statement of comprehensive income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.12 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.13 CUSTOMER DEPOSITS

Customer deposits are recognised initially at fair value and are subsequently carried at amortised cost using the effective interest rate method.

2.14 DIVIDEND ON ORDINARY SHARES

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders.

3. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial services business and these risks are an inevitable consequence of being in business. The Company's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance.

The Company's risk management policies approved by the Board of Directors are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Company regularly reviews its risk management policies and systems. The Chief Risk Officer

oversees risk management based on policies approved by the Board of Directors. In addition, internal audit is responsible for the independent review of risk management and the control environment. The main types of risk are credit risk, liquidity risk and market risk. Market risk includes currency risk, interest rate risk and price risk.

3.1 CREDIT RISK

The Company takes on exposure to credit risk, which is the risk that a customer or counterparty will cause a financial loss to the Company by failing to discharge an obligation. Credit risk is an important risk for the Company's business and management, therefore, the Company carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities and placement of deposits and balances with the banks. There is also credit risk in off balance sheet financial commitments such as unused credit card limits and guarantees given.

The credit risk management and control function is overseen by the Chief Risk Officer. The business risk and compliance committee periodically reviews and monitors all applicable risk including credit risk limits.

Exposure to credit risk is also managed through regular analysis of the ability of counterparties to meet interest and repayment obligations and by changing these limits where appropriate.

3.1.1 CREDIT RISK MEASUREMENT

In measuring credit risk of loans and advances to customers, the Company adopts the following approaches:

(i) Individually assessed loans and advances

At each date of the statement of financial position, a case by case assessment is carried out to identify whether there is objective evidence that a loan or advance is impaired. This approach is applied to loans and advances that are considered individually significant. The loss includes the aggregate exposure to the customer, and amount of expected receipts. The realisable value of security and collaterals and the likelihood of successful repossession will have to be considered as well as the likely costs involved in recovery of outstanding amounts.

(ii) Collectively assessed loans and advances

Impairment is assessed on a collective basis to:

- Cover losses which have been incurred but have not yet been identified on loans and advances subject to individual assessment.

Individually assessed loans for which no evidence of loss has been specifically identified on an individual basis are grouped together according to the credit risk characteristics for the purpose of calculating an estimated collective loss. This reflects losses incurred at the date of financial position which will only be individually identified in future. The measurement of the loss will factor in the:

- historical loss experience in portfolios with similar risk characteristics;
- emergence period which is the time period between when the impairment actually occurs till there is objective evidence that impairment exists; and
- management's judgment as to whether the prevailing economic and credit conditions could result in the actual loss being higher or lower than that suggested by historical experience.

- Cover losses for homogeneous groups of loans and advances that are not considered individually significant.

Where adequate historical information is available, statistical methods are used to calculate losses inherent in the portfolio. Inherent losses are computed based on the estimated life time net present value (NPV) of each cohort of loans, and comparing this with the carrying cost of that cohort. The net present value curve is constructed based on statistical regression techniques using historical NPV by month on book.

When there have been changes in economic, regulatory or behavioural conditions, historical loss experience provides less relevant information when the most recent trends in the portfolio risk factors are not fully reflected in statistical models. In such circumstances such risk factors are taken into account when calculating the appropriate level of losses.

3.1.2 RISK LIMIT CONTROL AND MITIGATION POLICIES

The Company manages limits and controls concentration of credit risk to individuals, employees of different industry sectors and tenors. Such risks are monitored regularly and subject to an annual formal review. Stress tests are performed regularly with a view to identifying whether limits need to be revisited. Limits to banks are approved by the board of directors and exposures within the limits tracked daily.

The Company extensively uses analytics to monitor changes in the credit profiles of its segmented portfolio. Analytical tools are used to weigh the risk reward equation to aid decision making in terms of lending to selected customer segments. Further monitoring of delinquencies across the customer loan portfolio is aimed at identifying trends and ensuring that the credit risk related to the portfolio is pro-actively managed. The Company has pre-defined delinquency ratio ranges which will warrant appropriate remedial action if the ranges are breached. Credit risk to professional counterparties is managed by due diligence and evaluation of the professional counterparty's credit risk which may include reference to external credit ratings.

Collateral is used as a mitigating tool by the Company. The principal acceptable collateral is:

- (i) Mortgages over the vehicles for the auto loans and advances
- (ii) Cash deposits for personal loans and advances to customers and guarantees issued on behalf of customers

The maximum loan to value of the loan and advance and the guarantees, as well as the valuation frequencies are clearly documented in the credit policy.

3.1.3 IMPAIRMENT AND PROVISIONING

The Company establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individual exposures, and a collective impairment loss allowance for losses that have been incurred but not identified, established for groups of homogeneous loans with similar risk characteristics. Future cash flows from a group of loans and advances that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group.

3.1.4 MAXIMUM EXPOSURE TO CREDIT RISK BEFORE COLLATERAL HELD OR OTHER CREDIT ENHANCEMENTS

The following table analyses the Company's maximum exposures to credit risk at their carrying amounts, as categorised by the market segments and product types, all of which are in the United Arab Emirates.

	Salaried mass market AED'000	Self employed mass market AED'000	Salaried mass affluent AED'000	Others AED'000	Total AED'000
At 31 December 2016					
<i>On balance sheet assets:</i>					
Loans and advances					
-Credit cards	491,375	108,386	287,411	-	887,172
-Personal loans	657,681	105,008	291,649	-	1,054,338
-Auto loans	24,396	48,826	12,817	-	86,039
-Loans secured by deposits	-	-	-	1,169	1,169
Deposits with banks	-	-	-	201,994	201,994
Due from related parties	-	-	-	15,266	15,266
Other assets	-	-	-	9,984	9,984
Total	1,173,452	262,220	591,877	228,413	2,255,962
<i>Off balance sheet items:</i>					
Unused credit card limits	1,128,280	114,314	897,047	-	2,139,641
Financial guarantees (Note 24)	-	-	-	319,091	319,091
Total	1,128,280	114,314	897,047	319,091	2,458,732
At 31 December 2015					
<i>On balance sheet assets:</i>					
Loans and advances					
-Credit cards	426,592	82,900	280,010	-	789,502
-Personal loans	647,587	102,087	339,225	-	1,088,899
-Auto loans	59,288	90,741	34,188	-	184,217
-Loans secured by deposits	-	-	-	18,415	18,415
Deposits with banks	-	-	-	130,843	130,843
Other assets	-	-	-	6,876	6,876
Total	1,133,467	275,728	653,423	156,134	2,218,752
<i>Off balance sheet items:</i>					
Unused credit card limits	825,060	97,453	694,895	-	1,617,408
Financial guarantees (Note 24)	-	-	-	280,908	280,908
Total	825,060	97,453	694,895	280,908	1,898,316

The segmentation of loans and advances is used as a basis to assess the quality of the loans and effectively manage the credit risk.

The total outstanding contractual amount of commitments towards unused credit card limits does not necessarily represent future cash requirements, since these unused credit card limits may not be fully utilised and are revocable by the Company.

Financial guarantees represent guarantees issued by the Company on behalf of customers favouring the UAE Ministry of Labour and other government bodies and are substantially secured by cash collateral (Note 10).

3.1.5 LOANS AND ADVANCES, NET

The gross amount of loans and advances, net of specific provisions, which are current and past due and the corresponding impairment allowances are as follows:

	As at 31 December 2016 AED'000	As at 31 December 2015 AED'000
Current	1,604,699	1,779,825
Past due up to 30 days	150,792	105,781
Past due 31-90 days	197,065	138,486
Past due 91-120 days	76,162	56,941
Total	2,028,718	2,081,033
<u>Impairment Provision</u>		
Current	(47,088)	(45,163)
Past due up to 30 days	(2,262)	(1,587)
Past due 31-90 days	(2,956)	(2,077)
Past due 91-120 days	(19,041)	(20,115)
Total	(71,347)	(68,942)
Net loan amount	1,957,371	2,012,091

Recoveries on these loans are recognised when realised, and reduced from the impairment charge.

3.2 LIQUIDITY RISK

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's liquidity management process includes:

- Managing day to day funding, through anticipating and monitoring future cash flow requirements.
- The primary tool employed by the Company is the maturity mismatch analysis, which includes behavioural assumptions on debts and loans repayments based on historical analysis.
- Monitoring balance sheet liquidity ratios, market movements and interest rate forecasts.
- Setting and monitoring limits for the above mentioned process.

Sources of liquidity are regularly reviewed and the Company seeks to diversify funding sources and increase investor base to ensure continuous access to debt markets. All liquidity policies and procedures are subject to review and approval by the Asset and Liability Committee ("ALCO").

3.2.1 NON DERIVATIVE FINANCIAL LIABILITIES AND LIQUIDITY RISK

The table below presents the maturity profile of the cash flows payable by the Company in respect of its non-derivative financial liabilities, by remaining contractual maturities at the statement of financial position date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year AED'000	1 - 5 years AED'000	Over 5 years AED'000	Total AED'000
At 31 December 2016				
Customer deposits	684,432	560,845	144,860	1,390,137
Due to related parties	1,176	-	-	1,176
Borrowings	54,959	107,275	-	162,234
Other liabilities	81,214	-	-	81,214
Total	821,781	668,120	144,860	1,634,761
At 31 December 2015				
Customer deposits	691,764	469,750	134,429	1,295,943
Due to related parties	8,398	-	-	8,398
Borrowings	35,560	91,476	-	127,036
Other liabilities	140,563	-	-	140,563
Total	876,285	561,226	134,429	1,571,940

3.2.2 OFF BALANCE SHEET ITEMS

	Less than 1 year AED'000	1 - 5 years AED'000	More than 5 years AED'000	Total AED'000
At 31 December 2016				
Unused credit card limits	2,139,641	-	-	2,139,641
Financial guarantees	-	-	319,091	319,091
Operating lease commitments	2,967	6,792	-	9,759
Capital commitments	5,104	-	-	5,104
Total	2,147,712	6,792	319,091	2,473,595
At 31 December 2015				
Unused credit card limits	1,617,408	-	-	1,617,408
Financial guarantees	-	-	280,908	280,908
Operating lease commitments	2,899	3,915	-	6,814
Capital commitments	702	-	-	702
Total	1,621,009	3,915	280,908	1,905,832

Unused credit card limits

The contractual amount of the Company's commitment towards unused credit card limits (Note 24(b)) is summarised in the above table. However, the commitments to extend credit are revocable at the option of the Company.

Financial guarantees

Financial guarantees represent guarantees issued by the Company on behalf of customers favouring the UAE Ministry of Labour and other government bodies and are substantially secured by cash collateral (Note 24(b)).

Operating lease commitments

The future minimum lease payments under non-cancellable operating leases for properties as disclosed in Note 24(a).

Capital commitments

Capital commitments are in respect of equipment and software purchases (Note 24(c)).

3.3 MARKET RISK

The Company takes on exposure to market risk, which is the risk that fair value or future cash flows will fluctuate as a result of changes in market prices. Market risk arises from exposure to currency and interest rate fluctuations. The ALCO meets regularly to review and provide direction related to interest rate risk, currency risk and price risk in the Company. It ensures that the exposures of the Company are within prudent levels.

The main measurement techniques used to measure and control market risks are outlined below:

3.3.1 INTEREST RATE RISK

Interest rate risk arises from mismatches in the interest rate profile of the Company's assets and liabilities. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. The Company strives to maintain an interest rate profile that will lead to financial performance consistent with its long term objectives.

The ALCO sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which are monitored by the market risk manager. Regular stress testing is performed using hypothetical scenarios to monitor the Company's vulnerability to simultaneous shocks on market risks. It gives an indication of the potential loss that arises in extreme conditions, facilitating the proactive management of market risks in an environment of rapid market changes.

The table below summarises the Company's exposure to interest rate risk. It includes the Company's assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Non-interest bearing	Total	Effective interest rate
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
At 31 December 2016							
Assets							
Cash and deposits with banks	107,214	90,414	-	-	4,857	202,485	0.98%
Loans and advances	1,140,174	183,630	623,568	9,999	-	1,957,371	29.29%
Due from related parties	-	-	-	-	15,266	15,266	
Property and equipment	-	-	-	-	11,463	11,463	
Intangible assets	-	-	-	-	9,105	9,105	
Other assets	-	-	-	-	20,061	20,061	
Total assets	1,247,388	274,044	623,568	9,999	60,752	2,215,751	
Liabilities and equity							
Customer deposits	206,186	464,202	496,185	93,827	-	1,260,400	4.70%
Due to related parties	-	-	-	-	1,176	1,176	
Borrowings	25,812	23,187	104,413	-	-	153,412	3.29%
Employees' end of service benefits	-	-	-	-	7,493	7,493	
Other liabilities	-	-	-	-	88,407	88,407	
Shareholders' equity	-	-	-	-	704,863	704,863	
Total liabilities and equity	231,998	487,389	600,598	93,827	801,939	2,215,751	
Interest rate sensitivity gap	1,015,390	(213,345)	22,970	(83,828)	(741,187)	-	
At 31 December 2015							
Assets							
Cash and deposits with banks	76,298	45,128	-	-	9,891	131,317	0.62%
Loans and advances	995,436	213,773	783,944	18,938	-	2,012,091	31.96%
Property and equipment	-	-	-	-	12,973	12,973	
Intangible assets	-	-	-	-	10,742	10,742	
Other assets	-	-	-	-	16,490	16,490	
Total assets	1,071,734	258,901	783,944	18,938	50,096	2,183,613	
Liabilities and equity							
Customer deposits	211,222	467,717	411,995	85,212	-	1,176,146	4.54%
Due to related parties	-	-	-	-	8,398	8,398	
Borrowings	10,000	21,667	88,333	-	-	120,000	3.57%
Employees' end of service benefits	-	-	-	-	7,445	7,445	
Other liabilities	-	-	-	-	146,060	146,060	
Shareholders' equity	-	-	-	-	725,564	725,564	
Total liabilities and equity	221,222	489,384	500,328	85,212	887,467	2,183,613	
Interest rate sensitivity gap	850,512	(230,483)	283,616	(66,274)	(837,371)	-	

Interest rate sensitivity

The Company is exposed to the effects of fluctuations in the prevailing levels of rates of interest on its cash flows.

Interest rate risk is assessed by measuring the impact of reasonable possible change in interest rate movements. The Company assumes a fluctuation in interest rates of 10 basis points (bps) and estimates the following impact on the net result for the year and equity at that date:

	As at 31 December 2016 AED'000	As at 31 December 2015 AED'000
Fluctuation in interest rates by 10 bps	802	620

The interest rate sensitivities set out above are illustrative only and employ simplified scenarios. The sensitivity does not incorporate actions that could be taken by management to mitigate the effect of interest rate movements.

3.3.2 CURRENCY RISK

The Company does not have any significant foreign currency exposures, since its transactions are in UAE Dirham or US Dollar and the UAE Dirham is currently pegged against the US Dollar.

3.3.3 PRICE RISK

Price risk is the risk that the value of the Company's financial instruments will fluctuate as a result of changes in market prices caused by factors other than interest rates or foreign currency movements. The price risk arises primarily from uncertainty about the future price of financial instruments that the Company holds. The Company does not hold financial instruments whose value is affected by changes in market prices and therefore it is not exposed to any price risk.

3.4 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair values of the Company's financial assets and liabilities approximate their carrying values as reflected in these financial statements.

3.5 CAPITAL MANAGEMENT

The Company's objectives when managing capital, which is a broader concept than the 'equity' on the face of balance sheets, is:

- to comply with the capital requirements set by its regulator;
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders; and
- to maintain a strong capital base to support the development of its business.

Capital adequacy is monitored regularly by the Company, based on the guidelines stipulated by the Central Bank of the UAE. The minimum capital requirement stipulated by the Central Bank of the UAE is 15%. The Company calculates its capital adequacy ratio in accordance with guidelines established by the Central Bank of the UAE prescribed as the ratio of total capital to total assets and is analysed as follows:

	As at 31 December 2016 AED'000	As at 31 December 2015 AED'000
Tier 1 capital		
Share capital	550,000	550,000
Share premium	35,544	35,544
Statutory reserve	69,004	61,874
Retained earnings	50,315	78,146
Intangible assets	(9,105)	(10,742)
Total Tier 1 capital	695,758	714,822
Tier 2 capital	-	-
Total regulatory capital	695,758	714,822
Risk weighted assets		
On balance sheet	2,204,987	2,153,982
Off balance sheet	5,400	4,700
Total risk weighted assets	2,210,387	2,158,682
Risk asset ratio on total capital base (%)	31.48%	33.11%
Risk asset ratio on Tier 1 capital base (%)	31.48%	33.11%
Minimum risk asset ratio required by the U.A.E Central Bank	15%	15%

If current **year profits were to be excluded** in the above calculation, the ratios would be as follows:

Risk asset ratio on total capital base (%)	32.41%	28.50%
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If **current year profits were included, and proposed final dividend (payout subject to regulatory approval) were excluded** in the above calculation, the ratios would be as follows:

Risk asset ratio on total capital base (%)	31.48%	29.87%
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4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 IMPAIRMENT LOSSES ON LOANS AND ADVANCES

The Company establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individual exposures, and a collective impairment loss allowance for losses that have been incurred but not identified, established for groups of homogeneous loans with similar risk characteristics. Future cash flows from a group of loans and advances that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to

those in the group. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. A +/-5% change in the provision would increase/decrease the profit by AED 3.6 million (2015: AED 3.4 million).

4.2 OTHER EMPLOYEE BENEFITS

The present value of the equity based payment scheme included in other employee benefits was calculated as per the valuation exercise performed by an independent expert. The scheme was fully encashed in the current year.

5. CASH AND DEPOSITS WITH BANKS

For the purpose of the cash flow statement, cash and cash equivalents have been calculated as follows:

	As at 31 December 2016 AED'000	As at 31 December 2015 AED'000
Cash balances	491	474
Due from banks	201,994	130,843
Less:		
Deposits with maturities over 3 months	(90,415)	(45,128)
Bank overdraft	(11,412)	-
	100,658	86,189

Deposits with banks are placed with financial institutions in the UAE, and carry interest at the rate of 0.85% to 2.25% (31 December 2015: 0.62% to 1.2%) per annum. Deposits of AED 35.3 million (31 December 2015: AED 35.1 million) have been pledged against guarantees issued by a bank on behalf of the Company.

6. LOANS AND ADVANCES, NET

	As at 31 December 2016 AED'000	As at 31 December 2015 AED'000
Personal loans	1,055,507	1,107,314
Auto loans	86,039	184,217
Credit cards	887,172	789,502
	<u>2,028,718</u>	<u>2,081,033</u>
Less: impairment allowance	(71,347)	(68,942)
	1,957,371	2,012,091
Movement in provision for impairment:		
At beginning of the year	68,942	43,425
Underwritten customer loans for customers with loans previously written off	11,244	14,852
Impairment charge for the year (Note 21)	661,891	358,736
Provision netted off from assets (on loans with 100% specific provision)	(670,730)	(348,071)
At end of the year	71,347	68,942

7. PROPERTY AND EQUIPMENT

	Office equipment AED'000	Leasehold improvements AED'000	Motor vehicles AED'000	Work in progress AED'000	Total AED'000
Cost					
At 1 January 2015	18,999	15,139	702	701	35,541
Additions / (Transfers)	6,594	1,731	120	(415)	8,030
Disposals	(74)	(26)	(110)	-	(210)
At 31 December 2015	25,519	16,844	712	286	43,361
Additions / (Transfers)	944	891	312	(147)	2,000
Disposals	(28)	(166)	(329)	-	(523)
As at 31 December 2016	26,435	17,569	695	139	44,838
Accumulated depreciation					
At 1 January 2015	(15,187)	(12,017)	(646)	-	(27,850)
Charge for the year	(1,714)	(930)	(42)	-	(2,686)
Disposals	12	26	110	-	148
At 31 December 2015	(16,889)	(12,921)	(578)	-	(30,388)
Charge for the year	(2,231)	(1,097)	(82)	-	(3,410)
Disposals	12	157	254	-	423
As at 31 December 2016	(19,108)	(13,861)	(406)	-	(33,375)
Net book value					
At 31 December 2016	7,327	3,708	289	139	11,463
At 31 December 2015	8,630	3,923	134	286	12,973

8. INTANGIBLE ASSETS

	Credit Bureau Implementation AED'000	Computer software AED'000	Total AED'000
At 1 January 2015	-	4,787	4,787
Additions	4,219	3,653	7,872
Amortisation charge	(758)	(1,159)	(1,917)
Disposals	-	-	-
At 31 December 2015	3,461	7,281	10,742
Additions	-	669	669
Amortisation charge	(904)	(1,402)	(2,306)
Disposals	-	-	-
At 31 December 2016	2,557	6,548	9,105

9. OTHER ASSETS

	As at 31 December 2016 AED'000	As at 31 December 2015 AED'000
Prepaid expenses	5,847	4,771
Prepaid rent	2,189	1,811
Advances to employees	706	929
Deposits	597	615
Accrued interest receivable	466	315
Repossessed vehicles, net of impairment allowance	4,660	2,891
Others	5,596	5,158
	20,061	16,490

10. CUSTOMER DEPOSITS

	As at 31 December 2016 AED'000	As at 31 December 2015 AED'000
Corporate term deposits	1,260,400	1,176,146

Customer deposits carry an average interest rate of 4.70% (2015: 4.54%) per annum. Customer deposits of AED 313.7 million (2015: AED 280.9 million) are held as collateral for guarantees issued or to be issued on behalf of customers.

11. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of shareholders and directors of the Company, entities controlled by them and the key management personnel of the Company. During the year the Company entered into the following significant transactions with related parties in the ordinary course of business at mutually agreed terms and conditions.

(a) Transactions with key managerial personnel

Key managerial remuneration comprises:

	Year ended 31 December 2016 AED'000	Year ended 31 December 2015 AED'000
Salaries and other short-term employee benefits	23,378	26,310
Other employee benefits	-	13,002

(b) Other related party transactions and balances

The Company has entered into the following significant transactions with related parties in the ordinary course of business:

	Year ended 31 December 2016 AED'000	Year ended 31 December 2015 AED'000
Deposits		
Interest accrued for the year	1,260	1,299
Expenses		
Fees charged by Dunia Services FZ LLC for the provision of business and knowledge processing services on mutually agreed terms	71,182	93,446
Reimbursement of expenses paid by a shareholder for the purpose of financing operating expenses incurred by the Company and other contractual payments for services rendered	6,926	6,966
Cash settlements with Dunia Services FZ LLC	68,487	97,898
Employee benefits transferred to Dunia Services FZ LLC	-	605
Balances with related parties		
Balances with related parties are as follows:		
Deposit from Dunia Services FZ LLC	31,666	61,580
Due from Dunia Services FZ LLC	15,266	-
Due to related parties	1,176	8,398

The balances due to related parties are payable on demand and bear no interest. Deposit from Dunia Services FZ LLC carries interest at the rate of 1.60% to 3.00% per annum (31 December 2015: 3.00% to 4.50% per annum).

12. BORROWINGS

	As at 31 December 2016 AED'000	As at 31 December 2015 AED'000
Term loan	142,000	120,000
Bank overdraft	11,412	-
	153,412	120,000

The Company has bank facilities of AED 565 million comprising overdraft facilities of AED 115 million and term loan facilities of AED 450 million.

Maturity profile of undrawn facilities:

	As at 31 December 2016 AED'000	As at 31 December 2015 AED'000
Floating rate		
Expiring within one year	383,588	65,000
Expiring within two years	-	180,000
	383,588	245,000

13. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	As at 31 December 2016 AED'000	As at 31 December 2015 AED'000
At beginning of the year	7,445	4,696
Charge for the year	1,223	3,078
Payments made during the year	(1,175)	(329)
At end of the year	7,493	7,445

The provision for end of service benefits due to expatriate employees is made in accordance with the UAE Labour Law for their periods of service up to the balance sheet date. In accordance with the provisions of IAS 19, an actuary has carried out an exercise to assess the present value of its obligations as at 31 December 2016, using the projected unit credit method, in respect of employees' end of service benefits payable under the UAE Labour Law. The expected liability at the date of leaving the service has been discounted to its net present value using a discount rate of 3.51%. (2015: 3.78%).

Under this method an assessment has been made of an employee's expected service life with the Company and the expected basic salary at the date of leaving the service. The actuary has assumed average annual increment/promotion costs of 6% (2015: 6%) for the next five years and 3% thereafter (2015: 3%). The transfer to Dunia Services FZ LLC represents the actuarial value of liability in respect of the employees who have been transferred to Dunia Services FZ LLC for the period of service in Dunia Finance.

14. OTHER LIABILITIES

	As at 31 December 2016 AED'000	As at 31 December 2015 AED'000
Accrued expenses	50,694	76,597
Other employee benefits (Note 17)	4,661	37,388
Sundry creditors	25,260	26,127
Deferred fee and commission income	7,123	5,367
Others	669	581
	88,407	146,060

15. SHARE CAPITAL

	As at 31 December 2016 AED'000	As at 31 December 2015 AED'000
Authorised, issued and paid up share capital: 5,500,000 shares of AED 100 each (2015: 550,000 shares of AED 1,000 each)	550,000	550,000

16. DIVIDENDS

Dividends of AED 50 million (AED 9.09 per share of AED 100 each) (2015: AED 58.8 million (AED 106.91 per share of AED 1,000 each) relating to the year ended 31 December 2015 were paid during the year ended 31 December 2016. An interim cash dividend amounting to AED 42 million (2015: AED 59 million) for the year ended 31 December 2016 was proposed and paid during the year.

17. OTHER EMPLOYEE BENEFITS

Certain employees were entitled to cash payments under an equity based payment scheme ("the scheme") implemented by the Company. The cash payments were determined on the basis of the value of the shares of the Company at the end of the financial year 2015 as determined by an independent valuer.

The accrual in respect of the scheme as at 31 December 2016 is nil (2015: AED 32.9 million) as the shares have been fully encashed during the year.

The Company establishes and implements annual Long Term Incentive Plans ("the LTIP") in the form of deferred cash plans payable over three successive years. These benefits are expected to be settled on the anniversary of the grant in each of three successive years following the year in which the annual award was granted.

As of 31 December 2016 the accrual in respect of the LTIP is AED 4.7 million (2015: AED 4.4 million) and is determined on the basis of the assumption that all the eligible employees will remain with the Company during the period covered by the LTIP.

18. STATUTORY RESERVE

In accordance with the UAE Federal Law No. 2 of 2015, and the UAE Union Law No. 10 of 1980, as amended, 10% of the net profit for the year is transferred to a legal reserve, until such time as the balance in the reserve equals 50% of the issued share capital. This reserve is not available for distribution. Accordingly, AED 7.1 million was transferred to the statutory reserve on 31 December 2016 (31 December 2015: AED 21.7 million).

19. INTEREST INCOME AND EXPENSE

	Year ended 31 December 2016	Year ended 31 December 2015
	AED'000	AED'000
Interest Income	622,862	593,650
- on loans and advances	1,414	573
- on deposits with banks	<u>624,276</u>	<u>594,223</u>
Interest Expense		
- on customer deposits	57,183	45,205
- on borrowings	4,354	2,743
	<u>61,537</u>	<u>47,948</u>

20. FEES AND COMMISSION INCOME

Fees and commission income do not include any sum (31 December 2015: AED 1.4 million) recognised from the provision of advisory services by the Company.

21. IMPAIRMENT CHARGE, NET

	Year ended 31 December 2016	Year ended 31 December 2015
	AED'000	AED'000
Impairment charge on loans and advances (Note 6)	661,891	358,736
Recovery from underwritten customer loans for customers with loans previously written off	(9,855)	(11,993)
Impairment charge on other assets	190	(447)
	652,226	346,296
Recovery of loans and advances	(27,871)	(40,473)
	<u>624,355</u>	<u>305,823</u>

22. GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended 31 December 2016	Year ended 31 December 2015
Staff costs (Note 23)	36,211	80,059
Outsourced services	17,778	53,308
Information technology expenses	12,458	11,836
Occupancy costs	6,731	7,867
Bank charges	6,445	4,994
Card member benefits	4,777	4,281
Legal and professional fees	1,399	4,045
Advertising, publicity and promotional expenses	1,083	4,039
Card association charges	4,376	3,384
Telephone and fax	3,302	2,823
Repossession expenses	3,082	2,545
Credit Bureau and collection charges	2,043	10,413
Other expenses	5,710	5,804
	<u>105,395</u>	<u>195,398</u>

23. STAFF COSTS

	Year ended 31 December 2016	Year ended 31 December 2015
	AED'000	AED'000
Salaries and other benefits	41,753	60,682
Employees' end of service benefits	1,223	3,078
Other employee benefits	(6,765)	16,299
	<u>36,211</u>	<u>80,059</u>

24. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Operating lease commitments

The future minimum lease payments under non-cancellable operating leases for properties are as follows:

	As at 31 December 2016 AED'000	As at 31 December 2015 AED'000
No later than 1 year	2,967	2,899
Later than 1 year and no later than 5 years	6,792	3,915
	9,759	6,814

(b) Commitment to extend credit and guarantees

	As at 31 December 2016 AED'000	As at 31 December 2015 AED'000
Unused credit card limits	2,139,641	1,617,408
Financial guarantees	319,091	280,908
	2,458,732	1,898,316

The total outstanding contractual amount of commitment towards unused credit card limits does not necessarily represent future cash requirements, since these credit card limits may not be fully utilised and are revocable at the option of the Company.

Financial guarantees represent guarantees issued by the Company on behalf of customers favouring the UAE Ministry of Labour and other government bodies and are substantially secured by cash collateral.

(c) Capital commitments

At 31 December 2016, the Company has capital commitments of AED 5,104,000 (31 December 2015: AED 702,000).



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