مصرف الإمارات للتنمية
Emirates Development Bank

2024 ANNUAL REPORT

ENABLING TOMORROW

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ENABLING TOMORROW

We the UAE, an economy that is competitive, growing at exceptional rates, diversified and of high value in new strategic growth areas, excelling in promising future sectors, and confirming the UAE’s role as a leading economic power.

We the UAE 2031

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Overview

About Us

As the UAE continues its sustainable industrial growth, Emirates Development Bank plays a vital role in turning ambition into action — enabling businesses to scale, sectors to thrive, and the nation to lead.

Emirates Development Bank is the UAE's key financial engine enabling sustainable, diversified economic growth.

Our mandate – in line with Operation 300bn, the UAE's national industrial strategy – is to support the businesses that have the most critical impact on the country's future across five national priority sectors: manufacturing, food security, healthcare, renewable energy, and advanced technology.

Yet our role extends far beyond lending. We offer patient debt, favourable terms, and targeted financing solutions to close the gaps that traditional lenders cannot serve — empowering businesses that are building the foundations of a stronger national economy.

Since launching our strategy in 2021, EDB has backed thousands of enterprises: from mSMEs bringing new innovations to market, to industrial firms expanding production capacity across the Emirates. We've helped scale clean energy, support healthcare, accelerate agri-tech, and drive forward the UAE's advanced manufacturing agenda — all guided by one principle: will this move the country's economy forward?

Our approach combines access to capital with capability. Through our digital solutions and offerings like credit guarantees, we make growth accessible. Through mentoring, education, innovation labs, and national industry events, we give businesses the tools to lead.

At every stage, we focus on bringing together the ecosystem – partnering with ministries, government-related entities, free zones, and commercial banks – to ensure every entrepreneur, every enterprise, and every sector has the tools and support they need to thrive.

That purpose drives our people and defines our work. Because when businesses grow with impact, the UAE moves closer to a smarter, more self-reliant economic future.

A bank built to move a nation.

X20 Industrial growth faster than the market

VISION

EDB's vision is to support the UAE's economic diversification agenda by enabling individuals, SMEs and corporates in priority industrial sectors, while promoting innovative technologies to build a knowledge-based economy.

MISSION

Our mission is to maximize our economic impact on the economy of the UAE. EDB is set to become a key engine for growth of the UAE's economy through contribution to non-oil GDP, increase of national employment rates, and incountry value generation.

OBJECTIVES

- Support and empower the implementation of the country's industrial development strategy
- Facilitate the adoption of advanced technology
- Empower the growth of SMEs
- Encourage start-ups and innovation

At a Glance

Great Place to Work®
score
80%

Fully owned
by UAE Federal Government
100%

Jobs created
within the Industrial Sector
28,000

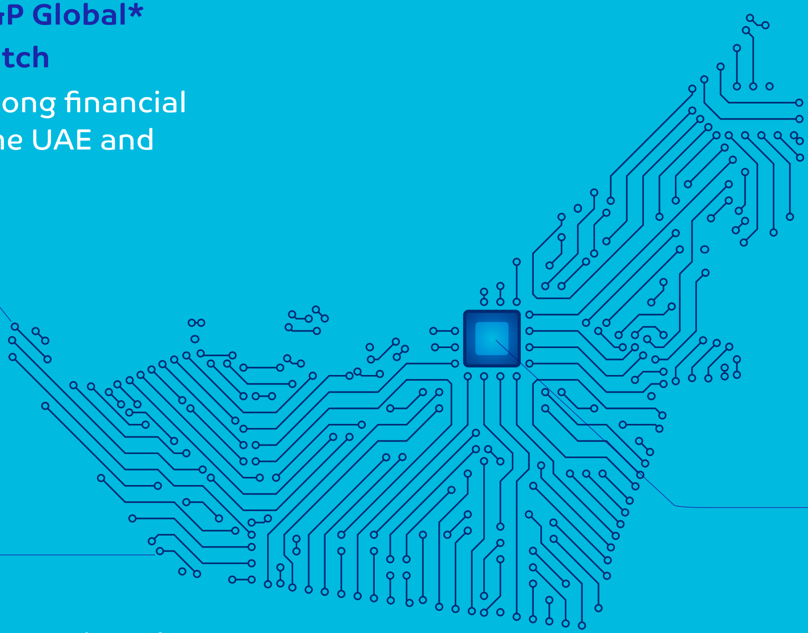
345
employees
a 39% increase from 248

41
Emirati new hires
3 of them in C-Suite positions

AED **100**mn
AgriTech program launched

AED **7.4**bn
contributed to UAE's GDP

AA Rating by S&P Global*
AA- Rating by Fitch
*the highest among financial institutions in the UAE and MENA region



10 MOUs signed
33 new Strategic Partnerships
44 roadshows/CEO roundtables

Financial Highlights

Total Financing
AED
15.7bn

Total Assets
AED
15.9bn

AED
307mn
Net Profit

AED
6.3bn
Total Equity

AED 50.2 billion CAPEX mobilized

AED 7 billion FDI attracted

AED 15 billion invested in greenfield projects

Year in Review

JANUARY

EDB Connect Abu Dhabi – held under the Make it in the Emirates framework in collaboration with the Ministry of Industry and Advanced Technology (MoIAT) – sets out the Bank's strategic vision to accelerate industrial diversification and deepen ecosystem collaboration.

EDB reinforces national priorities in healthcare and food security at Arab Health and the inaugural Al Dhaid Agriculture Exhibition.

FEBRUARY

EDB launches new financing tools for mSMEs, aligning with the UAE's agenda for private-sector growth and economic resilience.

EDB enhances regional presence and engagement with global investors at GTR MENA and the Investopia Summit.

MARCH

EDB partners with KLAIM to improve financial resilience in the UAE's healthcare sector through tailored working capital solutions.

APRIL

Fitch affirms EDB's AA- credit rating, and the Bank announces a record AED 10.4 billion in cumulative financing since 2021.

EDB Connect Sharjah advances the Make it in the Emirates initiative and promotes local industrial capacity building.

MAY

EDB commits AED 5 billion to manufacturing and co-launches AED 370 million in AI financing with MoIAT to future-proof UAE industry.

A new Centre of Excellence with Sheraa and SCCI establishes a national platform for advanced manufacturing innovation and startup acceleration.

EDB unveils AED 362 million in new deals at Make it in the Emirates, raising year-to-date industrial financing to AED 5.4 billion.

The Bank expands corporate banking with the launch of new Cash Management Solutions.

A co-cover scheme with Etihad Credit Insurance strengthens SME export capacity by de-risking lending in strategic sectors.

JUNE

S&P upgrades EDB's rating to AA, validating the Bank's strategic importance in national industrial and financial ecosystems.

EDB partners with Commercial Bank of Dubai to expand trade finance and support UAE exporters.

EDB Connect Ras Al Khaimah extends outreach to northern emirates, enabling broader participation in industrial development.

As Gold Sponsor at Bonds, Loans & Sukuk Middle East 2024, EDB affirms its role in deepening the region's financial architecture.

JULY

EDB posts strong half-year results, with AED 11.14 billion in cumulative financing and AED 5.5 billion contributed to industrial GDP.

AUGUST

EDB launches the Student Entrepreneurship Bootcamp to equip young innovators with the skills and tools to drive innovation, entrepreneurship, and job creation.

SEPTEMBER

EDB introduces the AgriX Accelerator to boost agri-tech, support national food security, and empower scalable innovation in the agricultural sector.

EDB reinforces its sectoral positioning through high-impact engagement at Gulfood Green, Vertical Farming Show, Sharjah Investment Forum, Ru'ya Careers UAE, and ACT Treasury Summit.

OCTOBER

EDB signs mSME-focused partnerships with Abu Dhabi Islamic Bank and Commercial Bank International to expand access to finance across the private sector.

EDB strengthens its presence in national industrial forums, including Future Food Forum, WETEX, and Gulfood Manufacturing.

EDB Connect Dubai brings together key industrial stakeholders to align on shared goals.

NOVEMBER

EDB signs an AED 100 million financing deal with Yellow Door Energy to expand solar infrastructure across 60 UAE sites.

EDB forms a strategic co-lending partnership with Ajman Bank to strengthen SME financing.

EDB highlights its leadership in clean energy and industrial financing at ADIPEC 2024.

DECEMBER

EDB Connect Fujairah continues to activate industrial dialogue in the northern emirates.

EDB promotes food security and agri-investment at the Abu Dhabi International Food Exhibition, reinforcing its strategic mandate.

Strategic Review

Chairman's Message

EDB delivered impressive results through a tailored suite of financing solutions for small, medium and large enterprises. These efforts contributed to the creation of **28,000 jobs** and added **AED 7.4 billion to the UAE's non-oil GDP**—reinforcing EDB's role in advancing the nation's sustainable development agenda.

The visionary leadership of the United Arab Emirates continues to chart a bold course for the nation's economic future. In 2024, this guidance proved instrumental in advancing the industrial expansion of the country, accelerating economic diversification and attracting unprecedented levels of Foreign Direct Investment. Last year the UAE's foreign trade hit a record high of AED5.23 trillion, a 50 per cent increase over 3 years, cementing our country's position as a premier trading hub in the Middle East and North Africa Region.

EDB's strong financial performance in 2024 reflects its continued focus on strategic delivery and measurable outcomes.

Against this backdrop, Emirates Development Bank (EDB) marked the third year of its strategy as a pivotal milestone, further solidifying its role as a key enabler of the UAE's long-term economic growth and prosperity.

As the United Arab Emirates drives forward its ambitious industrial strategy, EDB remains steadfast in its mission to strengthen national competitiveness by fast-tracking industrial progress, enhancing access to finance, and supporting priority sectors including manufacturing, advanced technology, healthcare, food security, and renewable energy.

EDB's strong financial performance in 2024 reflects its continued focus on strategic delivery and measurable outcomes. Since the launch of its strategy in April 2021, the Bank has provided AED 15.7 billion in total financing, demonstrating its commitment to enabling business growth and empowering the private sector to scale, innovate, and compete on the global stage.

In 2024 alone, EDB delivered impressive results through a tailored suite of financing solutions for small, medium and large enterprises. These efforts contributed to the creation of 28,000 jobs and added AED 7.4 billion to the UAE's non-oil GDP — reinforcing EDB's role in advancing the nation's sustainable development agenda.

Recognising the transformative power of innovation, EDB continued to prioritise financing for advanced technology and artificial intelligence. The Bank also expanded its support for clean energy solutions and climate-aligned industries, in line with the UAE's Net Zero ambitions and the extended Year of Sustainability.

Looking ahead, EDB remains fully committed to strengthening the UAE's economic resilience and global competitiveness, while accelerating the transformation of its industrial base. As a strategic partner to the UAE's industrial ecosystem, the Bank continues to deliver long-term value in support of the nation's development priorities.

I would like to extend my sincere thanks to the EDB Board of Directors for their strategic leadership, to the Bank's employees for their dedication, and to our partners for their continued trust and collaboration.

Above all, I thank our customers, whose ambition and innovation are key drivers of the UAE's progress as we work together to shape a sustainable and prosperous future.

Dr Sultan Ahmed Al Jaber
Chairman

CEO's Message

Over the course of the year, we provided AED 8.7 billion in financing – **more than double** what we achieved in 2023 – and supported the **creation of over 14,700 new jobs** across sectors in 2024.

2024 was a defining year for Emirates Development Bank, marking a significant step forward in our role as a powerful financial engine driving the UAE's industrial transformation. With a sharp focus on impact, innovation and partnerships, we delivered a record-breaking performance — deepening our role in driving economic diversification, supporting mission-critical industries and reinforcing the nation's long-term growth.

Over the course of the year, we provided AED 8.7 billion in financing – more than double what we achieved in 2023 – and supported the creation of over 14,700 new jobs across sectors in 2024. This underscores the real-world effects of our support in empowering businesses, generating employment, and catalysing growth.

Since launching our strategy in 2021, we've mobilised AED 50.2 billion in capital expenditure, including AED 15 billion in greenfield projects and AED 7 billion in Foreign Direct Investment (FDI).

At the heart of this impact is our support for micro, small and medium enterprises — the engine of the UAE economy. In 2024, our financing to this segment surged by 101% year-on-year, reaching an accumulative total of AED 6.8 billion. Through our Credit Guarantee Scheme, in partnership with 13 commercial banks, we've expanded access to capital for entrepreneurs and small businesses who are often rich in ideas yet underserved by traditional financing.

During 2024, our Wholesale and Institutional Banking division saw exceptional growth, rising by 383% year-on-year, with cumulative financing reaching AED 8.9 billion. This was driven by our focused financial solutions for large-scale projects in the industrial sectors that are fast becoming the backbone of the UAE's economic resilience.

Manufacturing ultimately led the way, drawing half of our total financing. To further accelerate innovation in this space, we partnered with Sheraa, the Sharjah Entrepreneurship Center, to launch the UAE's first Center of Excellence for Advanced Manufacturing and Consumer Packaged Goods — an initiative dedicated to scaling high-potential industrial startups and fostering homegrown champions.

We also launched targeted initiatives for other priority sectors, such as the AgriX Accelerator Program, which empowers farmers and food producers under our food security mandate. Our dedicated FDI function is actively attracting strategic global capital aligned with industrial development, while the Bank's new trade finance desk – with six bespoke products – has already facilitated AED 1.2 billion in financing, broadening access to capital for businesses operating in national and international trade and supply chains.

To support the UAE's fast-evolving, digital-first economy, we launched EDB SmartConnect — a next-generation cash management platform that gives clients secure real-time access to banking operations and enhanced control over their financial decision-making.

At Emirates Development Bank, our people remain the driving force behind everything we do. In 2024, we welcomed 136 new colleagues, growing our team to 350. This year, we were proud to become the first UAE-based bank certified as a Great Place to Work — a recognition of the inclusive, high-performance culture we've built together.

That same spirit of excellence and resilience was reflected in our financial performance. S&P Global upgraded EDB's credit rating to AA, the highest among financial institutions in the UAE and MENA region, while Fitch Ratings reaffirmed our AA- credit rating. Both agencies maintained a stable outlook, offering a strong vote of confidence in our financial profile, the clarity of our strategy, the trust we've earned from stakeholders, and our future growth.

For 2025, our focus is clear. We are on track to meet our AED 23 billion financing target, but more importantly, we are determined to deepen our impact by unlocking greater opportunity in strategic sectors, expanding access to capital, and attracting the investment that will shape the next phase of the UAE's growth story.

I extend my sincere gratitude to the EDB Board of Directors for their strategic guidance and to every member of the EDB team for their commitment and drive. Together, we are building the Bank as a powerful engine that makes the UAE's economy more resilient, competitive, and better prepared for the world of tomorrow.

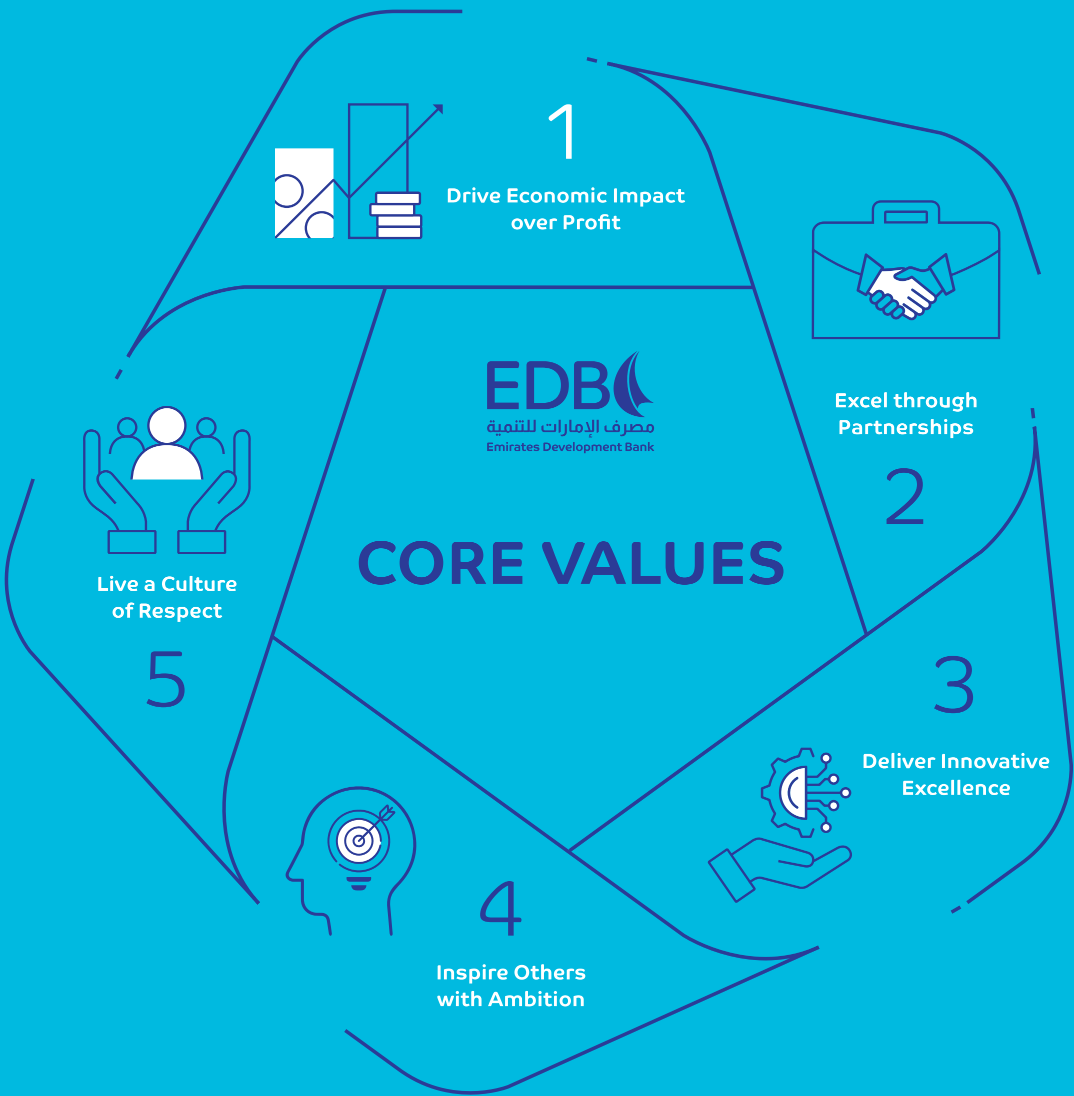
With a sharp focus on impact, innovation, and partnerships, we delivered a record-breaking performance.

Ahmed Mohamed Al Naqbi
Chief Executive Officer

Our Core Values

EDB's positioning revolves around its **differentiating purpose** that sets it apart from commercial banks and financial entities:

- **Economic impact** over financial returns.
- Through a culture of respect and partnership, we impact the **sustainable economic growth** of the UAE.
- We will be ambitious as we **deliver with excellence** for our clients and staff.



2024 Executive Summary

In 2024, Emirates Development Bank (EDB) delivered one of its strongest years to date, achieving **AED 307 million in net profit** and expanding industrial financing to **AED 8.7 billion**, driving a **68% rise in industrial GDP contribution** and creating **more than 14,000 new jobs**. Since the launch of its strategy in 2021, EDB has provided **AED 15.7 billion** in financing, mobilising **AED 50.2 billion** in capital expenditure and **AED 7.4 billion** in foreign direct investment, cementing its position as a vital enabler of private sector growth and industrial transformation.

Backed by a reaffirmed **AA credit rating** from S&P Global – the highest of any financial institution in the Middle East and North Africa – EDB maintained a strong position through **liquidity optimisation, diversified funding**, and **conservative investments**. Interest income climbed to **AED 506 million**, supported by a major home finance portfolio sale, while operating income stood at **AED 250 million**. Diversified financing sources, including an **AED 2.8 billion loan from the Ministry of Finance**, further reinforced EDB's liquidity and capital strength.

Support for micro, small, and medium enterprises (mSMEs) accelerated substantially during the year, with financing volumes surging **101% year-on-year, reaching an accumulative total of AED 6.8 billion**, credit guarantees broadening access to commercial bank funding, and new fintech-driven solutions improving efficiency. EDB strengthened engagement through its **Emirati Graduate Programme**, onboarding **41 UAE nationals**, and boosting **Emiratization to 37%**, with UAE Nationals now comprising **36% of the workforce**. The bank was recognized externally as a **Great Place to Work®**, reflecting its commitment to innovation, inclusion, and workforce development.

Digital transformation remained a key priority, with the **SmartConnect cash management platform** modernising client transactions, while AI-powered **automation, cybersecurity enhancements**, and **cloud strategy investments** positioned the bank for long-term operational efficiency. Real estate expansion consolidated operations into a unified Dubai headquarters, optimising infrastructure for future scalability. Additionally, the bank strengthened trade finance solutions, introduced AI-driven automation to optimize workflows, and expanded fintech innovation through its **digital banking platform (EDB 360)**, ensuring seamless service delivery for businesses.

Looking ahead to 2025, EDB aims to expand financing for **mSMEs, wholesale banking**, and **credit guarantees**, while deepening **AI integration, digital banking solutions, and trade finance offerings**. Through its continued commitment to resilience, innovation, and national priorities, EDB stands ready to power the UAE's next era of industrial growth and sustainable economic progress.

Our Strategy

EDB's strategic objectives and focus sectors

Every initiative EDB drives is anchored to four national priorities:

1

Fuel the UAE's industrial development strategy as a key financial engine.

2

Support five priority sectors critical to future economic resilience.

Through focused financing, ecosystem-building, and non-financial support, we direct our energy and expertise into five strategic sectors — the pillars of the UAE's next economic chapter:

5 KEY SECTORS

MANUFACTURING

- Petrochemicals
- Plastics
- Metal fabrication
- Machinery
- Electrical equipment

RENEWABLES

- Power renewables
- Bio-fuel energy
- Solar wind
- Tidal energy hydroelectric renewable energy equipment
- Renewable energy technology

Delivering on the mandate

EDB's third year of strategic execution

In 2024, EDB reached a defining point in its five-year strategy — a year where vision turned decisively into impact. The Bank closed 2024 with a net profit of AED 307 million, welcoming over 664 new customers, and recording a 218% year-on-year increase in industrial financing, reaching AED 8.6 billion. This momentum translated directly into the UAE's economy, driving a 68% increase in industrial GDP contribution and the creation of more than 14,000 new jobs — bringing ideas, factories, and ambitions to life across every emirate.

3

Raise EDB's contribution to national GDP to AED 10 billion by 2026.

4

Position the UAE as a global destination for industrial investment and innovation.

HEALTHCARE

- Pharmaceuticals
- Biotechnology medical equipment
- Hospital services

ADVANCED TECHNOLOGY

- Industrial robotics & automation
- Additive manufacturing
- Smart factories (Industry 4.0)
- Advanced materials & nanomanufacturing
- Advanced robotics
- Sustainable & green manufacturing technologies

FOOD SECURITY

- Agriculture
- Fisheries & aquaculture

Our Strategy Continued

A year of transformation

Strategic initiatives in 2024

In 2024, EDB delivered real change by launching seven flagship initiatives designed to extend our reach, deepen our capabilities, and strengthen our development impact:

1. Expanding cash management solutions by strengthening our digital infrastructure to improve customer experience.
2. Increasing trade finance offerings to support international trade and working capital needs.
3. Launching new private sector programs, including solar energy financing and agritech loans, to scale sustainable industries.
4. Attracting foreign direct investment through specialised offerings for both established companies and new entrants.
5. Launching the AgriX Accelerator, in line with the National Food Security Agenda.
6. Building a next-generation digital platform to provide seamless, innovative, and efficient banking solutions for businesses.
7. Extending the AI Wave initiative by deploying more Robotic Process Automation (RPA) to streamline operations and service delivery.

At the same time, the Bank streamlined its focus, divesting its home finance portfolio to ADIB to sharpen its developmental mandate.

Strategic partnerships

Throughout 2024, EDB continued to build and strengthen its network of strategic relationships, working closely with government ministries, government-related entities (GREs), industrial and free zones, and commercial banks across the country. This network is rooted in a shared ambition: to unlock opportunity, catalyse industrial growth, and drive national competitiveness.

The Bank sets itself apart by its willingness to fill critical lending gaps, supporting strategic projects that may be underserved by traditional financial institutions, and helping to mobilise investment where it matters most.

In 2024, EDB formalised its strategic focus by signing 10 new Memorandums of Understanding (MoUs), including one renewal, and by forging 33 new strategic partnerships designed to expand capabilities, deepen reach, and enhance client offerings.

These partnerships were backed by an active engagement programme, with 44 CEO roundtables and roadshows hosted across the Emirates — creating open dialogue with business leaders and helping to surface real-world industry needs and challenges.

The impact of these efforts has been tangible. Partner referrals generated a loan volume of AED 621 million in 2024 alone, and since the launch of EDB's strategy in 2021, the Bank has contributed AED 7.4 billion to the UAE's GDP, supporting the creation of 27,606 new jobs in the country's industrial sector as of 31 December 2024.

Every partnership, every roundtable, and every conversation reflects EDB's fundamental belief: that building a strong, connected ecosystem is essential to building a stronger UAE economy — today and for the future.

Strategic partners

- Ministry of Industry & Advanced Technology
- Ministry of Economy
- Ministry of Climate & Environment
- Abu Dhabi Department of Economic Development
- Abu Dhabi Industrial Department Bureau
- Department of Agriculture & Livestock
- Ajman Department of Economic Development
- Fujairah Department of Industry & Economy
- Dubai Municipality
- Fujairah Municipality
- Abu Dhabi Exports Office
- Abu Dhabi Fund for Development
- Abu Dhabi Investment Office
- Sharjah Investment and Development Authority
- Dubai Healthcare City Authority
- Dubai Silicon Oasis Authority
- Expo City Dubai
- Abu Dhabi Port (KEZAD / Zonecorp)
- Abu Dhabi Global Market
- Masdar City Free Zone
- Abu Dhabi Airport Free Zone Authority
- Dubai Airport Free Zone Authority
- JAFZA (Jebel Ali Free Zone)
- Ajman Freezone
- Hamriyah FZA
- RAK Economic Zone
- Umm Al Quwain Free Trade Zone
- Fujairah Free Zone
- Abu Dhabi Chamber of Commerce & Industry
- Ajman Chamber of Commerce & Industry
- Sharjah Chamber of Commerce & Industry
- RAK Chamber
- Dubai Industrial City
- Dubai Science Park
- Tawazun Industrial Park
- National Industries Park
- Sharjah Research Technology and Innovation Park
- Abu Dhabi Waste Management Company
- ADNOC - ICV
- Abu Dhabi Businesswomen Council
- Khalifa Fund
- Dubai Industries & Exports
- Sharjah Entrepreneurship Center
- Invest in Sharjah
- Food Tech Valley
- Hub71
- Ruwad

2024 saw EDB increase their partnerships with the following:

- UAQ Industrial City Authority
- Arab Authority for Agricultural Investment and Development
- Canadian Business Council
- Australian Business Council - UAE
- Spanish Business Council
- AmCham Abu Dhabi
- Portuguese Business Council
- TA'ZIZ
- Turkish Business Council
- Etihad Water and Electricity
- Sharjah Book Authority
- British Chamber of Commerce Abu Dhabi
- German Emirati Joint Council for Industry & Commerce
- Dubai Internet City Freezone
- Shams Freezone
- Australian Business Group
- Ukrainian Business Council
- Chamber of Commerce Industry France - UAE
- Czech-Italian Chamber of Commerce
- In5 Innovation Centers
- Russian-Emirates Business Council
- Ministry of Investment
- Metal Park
- Ministry of Artificial Intelligence
- Benelux Business Council Abu Dhabi
- Tamimi Consultancy
- Arab Youth Center
- Sharjah Business Women Council
- Royal Danish Consulate General
- IFZA Business Park
- Ministry of Foreign Affairs
- RAK SME
- Abu Dhabi Registration Authority

Our Strategy Continued

Proposed new developmental KPIs

The Bank has identified a new set of developmental Key Performance Indicators (KPIs) to better measure its progress and impact in 2025. The new KPIs focus on four critical areas of national strategic importance:

Industrial CAPEX — tracking the total value of industrial project investments.

Greenfield CAPEX — measuring investment in new, ground-up (greenfield) projects across the UAE.

Foreign Direct Investment (FDI) — capturing the total value of FDI-backed projects facilitated by the Bank.

Artificial Intelligence (AI) CAPEX — recording the total value of AI-driven industrial projects.

Each KPI will be calculated based on the total project value, defined as the sum of owners' equity plus debt financing provided by EDB and other participating banks.

By tracking these integrated metrics, EDB will gain a more holistic view of its developmental impact — not just in terms of direct lending, but in catalysing broader investments that drive industrial growth, technological advancement, sustainability, and long-term economic value for the UAE.

Industry impact and financing targets

In 2024, EDB allocated its total financing across three key strategic segments:

mSMEs Micro, Small and Medium Enterprises

WIB Wholesale & Institutional Banking

CGS Credit Guarantee Scheme

Looking ahead to 2025, the Bank has set ambitious new financing targets to continue scaling its impact across the UAE economy:

AED 2.08 billion dedicated to empowering mSMEs

AED 5.5 billion allocated to support growth in the WIB segment

AED 700 million earmarked for the Credit Guarantee Scheme (CGS)

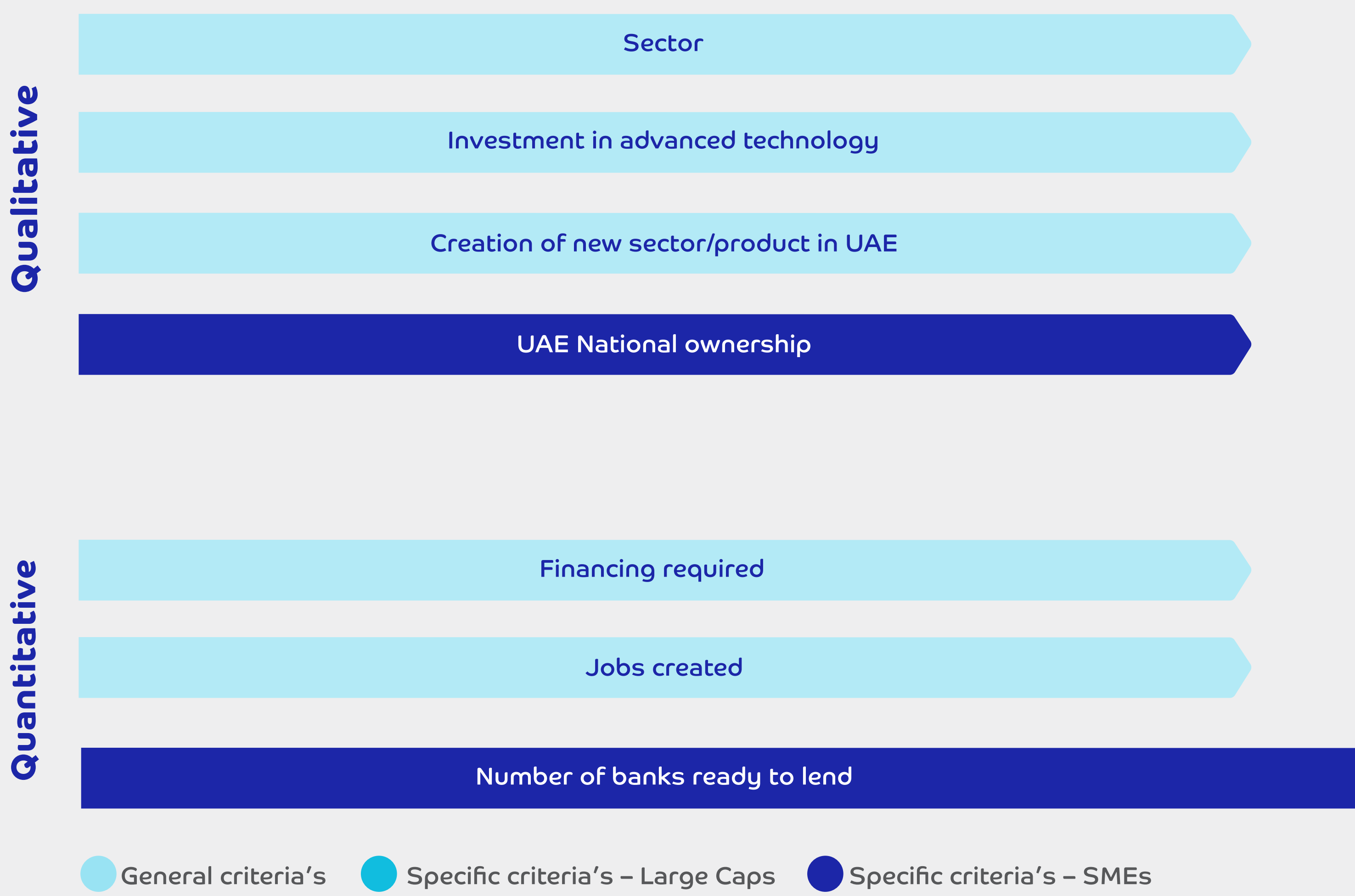
Through disciplined allocation, focused deployment, and strategic partnerships, EDB remains committed to ensuring that its financing creates long-term, sustainable value for the UAE's industries, entrepreneurs, and communities.

Our Strategy Continued

EDB's development impact scorecard

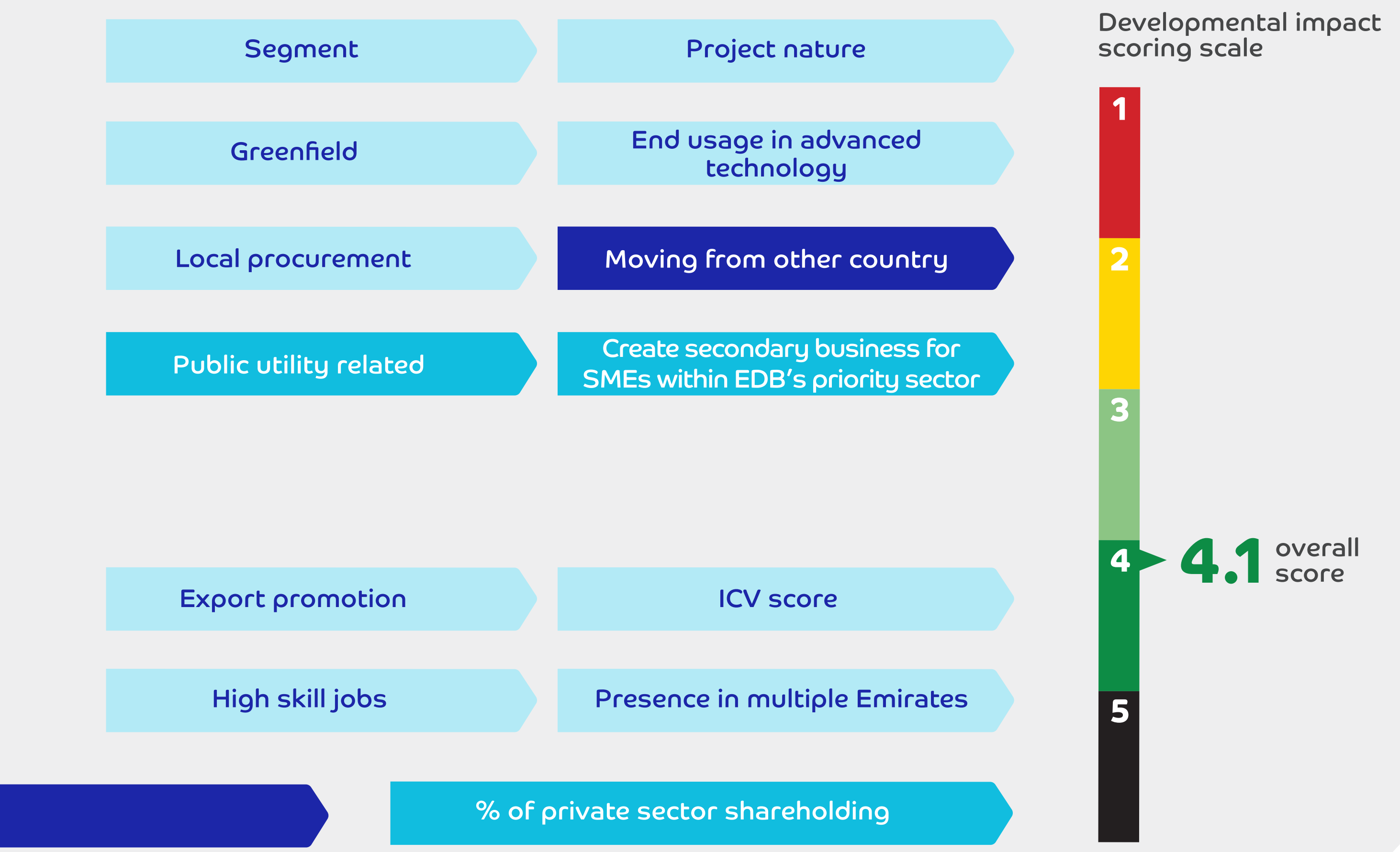
As part of its assessment process, EDB evaluates every loan through its proprietary Development Impact Scorecard, a robust framework designed to ensure that each project the Bank supports delivers real developmental value.

The Scorecard measures 20 quantitative and qualitative factors, capturing both the economic and social contribution of each project. Qualitative criteria include factors such as whether the project is a greenfield development, the extent of local procurement, UAE national ownership involvement, and whether the project creates new business opportunities for local SMEs.



Quantitative metrics assess areas such as the number of high-skilled jobs created, and the percentage of private sector ownership involved.

By applying this rigorous, forward-looking framework, EDB ensures that its financing actively contributes to industrial growth, entrepreneurial development, employment generation, and the UAE's broader economic diversification goals.



Our Strategy Continued

Looking ahead

As EDB looks ahead to 2025, a clear set of strategic priorities will guide its next chapter of impact, focused on accelerating economic development, fuelling innovation, and strengthening the UAE's industrial resilience.

At the heart of these efforts is EDB's commitment to driving investments that directly contribute to national growth. The Bank will prioritise initiatives that:

- Foster the creation of high-skill, sustainable jobs
- Stimulate export growth
- Promote local content and import substitution
- Invest in cutting-edge technologies to boost innovation and global competitiveness

Anchored within EDB's financing framework, the Bank will continue to focus on supporting business expansion and investments in productive assets, particularly through Capital Expenditure (CAPEX) financing that powers real industrial growth.

Equally, EDB remains committed to strengthening the financial resilience of underbanked mSMEs, helping them unlock greater access to growth opportunities and integrate more fully into the UAE's evolving economic landscape.

To drive these ambitions forward, EDB has refreshed its 2025 strategic initiatives, placing a greater emphasis on expanding engagement with key private sector clients, setting ambitious deployment targets aligned with its national development objectives, and accelerating capital deployment.

In parallel, the Bank will deepen its focus on funding diversification, ensuring a sustainable and flexible funding base for future growth.

Operational excellence will also remain a key pillar, with greater integration of AI and automation to improve cost efficiency, streamline decision-making, and optimise turnaround times across core functions.

Focus on funding diversification → a sustainable and flexible funding base for future growth

Operational excellence → integration of AI and automation

By focusing on these priorities, EDB will continue to expand its offerings, strengthen its role as a national enabler, and promote sustainable, inclusive growth that delivers on the UAE's long-term economic vision.

Our Strategy Continued

2024 Awards and Recognition

LEADING DIRECT FINANCING SOLUTIONS PROVIDER UAE 2024

WORLD BUSINESS OUTLOOK AWARDS

BEST DIGITAL BANKING PRODUCT UAE 2024

WORLD BUSINESS OUTLOOK AWARDS

BEST FINANCIAL AND NON-FINANCIAL SERVICES PROVIDER UAE 2024

WORLD BUSINESS OUTLOOK AWARDS

MOST SUSTAINABLE FINANCING SOLUTIONS TO SME'S UAE 2024

WORLD BUSINESS OUTLOOK AWARDS

MENA DIGITAL INNOVATOR OF THE YEAR 2024

MEED AWARDS

GRAND PRIX FOR OUTDOOR

DUBAI LYNX 2024 AWARDS

FASTEST GROWING BANK FOR INDUSTRIAL FINANCE

GLOBAL BRAND AWARDS

MOST SUSTAINABLE SME BANK

THE GLOBAL ECONOMICS AWARDS

BEST BANK FOR TRADE FINANCE

MIDDLE EAST & AFRICA INNOVATION AWARDS 2024 (DIGITAL BANKER)

BEST INDUSTRIAL FINANCING BANK UAE 2024

INTERNATIONAL FINANCE AWARDS

EDB's Impact on the UAE Economy

Emirates Development Bank's economic impact

Since launching its new strategy in April 2021, EDB has delivered measurable national impact — driving industrial growth, enabling private-sector expansion, and contributing to the UAE's economic transformation.

Sector financing highlights (cumulative)*

AED **8** bn
Manufacturing

AED **3** bn
Advanced Technology

AED **1.74** bn
Renewable Energy

AED **1.22** bn
Food Security

AED **1.24** bn
Healthcare

GDP and employment

AED **7.4** bn
Contribution to the UAE's Industrial GDP

27,606
Industrial jobs created (cumulatively)

STANDARD &POOR'S

AA Rating

by S&P Global — the highest among financial institutions in the UAE and the Middle East and North Africa

AED 15.7 mn

Total cumulative financing*

Investment mobilisation

AED 50.2 bn
Mobilised CAPEX

AED 15 bn
Greenfield projects supported

AED 7 bn
Foreign direct investment attracted

Enterprise-level financing

AED 758 mn
supported SME financing via Credit Guarantee Scheme in collaboration with partner banks

AED 8.9 bn
Large corporate financing

AED 6.8 bn
SME financing

*The difference between the total of the 5 sectors and the total cumulative financing figure of AED 15.7 million is due to rounding up.

Business Review

Business Divisions

Support Functions

Business Divisions

Micro, Small and Medium Enterprises (mSMEs)

At EDB, micro, small, and medium enterprises (mSMEs) are recognised as the engine of national economic growth — driving innovation, creating jobs, and strengthening supply chains across the UAE. In 2024, the division delivered a strong year of performance, advancing EDB's strategy to broaden access to finance, simplify pathways for entrepreneurs, and build strategic partnerships across the banking ecosystem.

Performance

2024 marked a year of major growth and impact for EDB's mSME division, as financing volumes expanded, and strategic partnerships deepened across the UAE's small and mid-sized business landscape.

The division delivered an impressive 101% growth in mSME financing, reaching a record AED 6.8 billion by year-end, successfully achieving its annual target. Mid-cap lending was a particular highlight, with financing to mid-sized businesses increasing by 90%, reflecting strong demand and EDB's ability to meet the evolving needs of growing enterprises.

Since the launch of the strategy and up to 2024, the division approved a total of AED 7.8 billion in direct financing for mSMEs. Alongside this, AED 758 million was delivered through indirect financing via EDB's Credit Guarantee Scheme — working with partner commercial banks to unlock funding for small and mid-sized companies across the UAE.

Throughout the year, the Credit Guarantee Scheme was expanded to support a broader range of borrowers, offering longer tenures and more relaxed terms in line with EDB's strategy to make finance more accessible and sustainable for SMEs.

Credit guarantee scheme

In 2024, EDB continued to expand the reach and impact of its Credit Guarantee Scheme, forging new partnerships to strengthen SME access to finance across the UAE. In June, EDB partnered with Commercial Bank of Dubai (CBD) to enhance international trade services for small and medium enterprises.

Building on this momentum, two additional strategic partnerships were announced in October – with Abu Dhabi Islamic Bank (ADIB) and Commercial Bank International (CBI) – further widening the network of institutions committed to supporting the UAE's growing SME sector.

Through the Credit Guarantee Scheme, EDB guarantees up to 50% of the financing extended to SMEs by its Partner Banks, making it easier for businesses to access funding under favourable terms. The scheme continues to focus on supporting projects in EDB's five national priority sectors: Manufacturing, Food Security, Advanced Technology, Healthcare, and Renewables — ensuring that financial support is aligned with the sectors driving the UAE's future economic competitiveness.

Collaboration with Yellow Door Energy saw EDB structure a customised financing solution to support the installation of photovoltaic solar panels all under long-term 20–25-year power generation agreements.

Sustainability

Sustainability remained a defining focus across all of EDB's divisions in 2024, and two products stood out as milestones in this journey.

Solar Energy Financing, introduced by the mSME division in 2023, was specifically designed to support businesses investing in clean energy solutions. The product offers up to 100% financing of the project value for the purchase and installation of solar panels, with loan tenors of up to eight years, loan amounts of up to AED 5 million, and a six-month grace period, providing flexible, accessible capital for businesses seeking to reduce their carbon footprint and energy costs.

Since the launch of its strategy, EDB has provided over AED 1.78 billion in renewable energy financing, including a AED 100 million agreement signed with one of its strategic partners in 2024.

A standout initiative during the year was the Bank's collaboration with **Yellow Door Energy**, a leading provider of distributed renewable energy solutions. Through this partnership, EDB structured a customised financing solution to support the installation of photovoltaic solar panels across 48 sites, including schools, hospitals, and malls in Abu Dhabi — all under long-term 20–25-year power generation agreements.

AED **1.78+**bn
provided in renewable energy financing

48 sites
with installation of photovoltaic solar panels

Business Divisions continued

Micro, Small and Medium Enterprises (mSMEs) continued

AgriX to complement the Bank's AgriTech loans program

The AgriTech Loans Program was launched to provide critical financial support to SMEs and start-ups operating across the farming sector and related industries. The program includes a commitment of AED 100 million in financing for the UAE's vital food security sector, offering:

- Greenfield and brownfield **project financing**
- CAPEX and working **capital solutions**
- Medium-term **loans or working capital** facilities of up to AED 5 million
- Up to 90% project **financing coverage**

Designed to help farms, local growers, and food suppliers modernise, scale, and adapt to growing demand, the program gives businesses the financial runway they need to invest in technology, sustainable practices, and future-proof operations.

Complementing this, the division launched the AgriX Accelerator Program, a 22-week initiative aimed at helping small farms across the UAE overcome growth challenges and adopt innovative, sustainable agricultural methods.

AgriX connects participants with practical resources, technical expertise, and strategic partnerships, equipping farmers to integrate technology and sustainability into their operations, and helping build a more resilient, efficient agricultural sector for the nation.

Both initiatives align with the National Food Security Strategy 2051 and the UAE's broader sustainability agenda — reaffirming EDB's role in enabling the sectors that will underpin the country's future resilience and prosperity.

Trade finance

In 2024, EDB's mSME division expanded its product suite to better support the working capital needs and growth ambitions of small and medium enterprises.

The division launched 10 new trade finance and working capital products, providing clients with a broader set of tools to secure operations and manage liquidity effectively. These new offerings included:

- Supply chain financing
- Medical receivables financing
- Letters of credit
- US dollar lending and deposits
- Access to the UAE's Monetary Bill (M-Bill) program, providing an alternative to traditional certificates of deposit

Recognising the specific needs of mid-sized businesses, the division also introduced a tailored solution: the Multi-Lateral Financing product. This product committed AED 300 million in support, giving medium-sized enterprises access to lower pricing, larger loan amounts of up to AED 10 million, and extended loan tenors of up to 10 years.

To deliver these enhanced offerings, EDB signed new agreements with several local banks, creating co-lending, multilateral financing, and portfolio financing options alongside its existing Credit Guarantee Scheme. In total, partnership lending exceeded AED 1 billion during 2024.

FinTech developments

In 2024, EDB deepened its commitment to financial innovation. Through a growing ecosystem of partnerships, the mSME division expanded the Bank's business banking app, EDB 360, offering a comprehensive suite of services tailored primarily to micro and small businesses, including solo traders, entrepreneurs, and start-ups.

In 2024, EDB deepened its commitment to financial innovation… and also reinforced its support for the FinTech ecosystem…

The app now offers smart business tools, innovative lending solutions, incubation programmes, and mentorship opportunities. Seamless, digitally powered solutions like these are helping EDB make banking more accessible, expand financial inclusion, and deliver real-world support for entrepreneurs driving the UAE's economic future.

In the lending space, EDB explored new partnerships to enhance its direct-financing offerings for priority sectors, through its EDB 360 platform. The division worked with multiple service providers to deliver Beyond Banking services such as money transfers, spend management, invoicing and payment acceptance, and spend analytics.

A key highlight was the 2024 partnership with Trade Capital Partners, enabling the Bank to offer supply chain financing and working capital solutions for SMEs through its digital platform.

EDB also reinforced its support for the FinTech ecosystem itself. Through its partnership with peer-to-peer lender Beehive, the Bank offers unsecured loans of up to AED 5 million, as well as invoice discounting, working capital, and term loan financing, giving SMEs more flexible, accessible funding options to fuel their growth.

Internally, the division focused on refining operational processes to enhance the customer experience. By restructuring several back-office data processing systems and accelerating automation, the Bank significantly reduced service turnaround times — a crucial competitive advantage for SME customers.

As part of its broader automation strategy, EDB successfully deployed 27 Robotic Process Automation (RPA) processes across key functions in 2024, with more scheduled for deployment in the coming year.

Business Divisions continued

Micro, Small and Medium Enterprises (mSMEs) continued

EDB and ECI co-cover scheme

The Bank formed a strategic partnership with Etihad Credit Insurance (ECI) to launch a pioneering Co-Cover Scheme. This innovative collaboration combines the strength of EDB's Credit Guarantee Scheme with ECI's expertise in export credit and investment insurance, creating a streamlined solution to enhance trade credit support and boost liquidity for UAE-based SMEs.

The partnership reflects a shared commitment to drive innovation, enhance financial inclusion, and support the evolving needs of the UAE's most dynamic industries.

This scheme is designed to make access to capital faster and easier for businesses across the UAE, enabling companies to tap into new financing opportunities while protecting their trade receivables and growth ambitions.

The partnership reflects a shared commitment between EDB and ECI to drive innovation, enhance financial inclusion, and support the evolving needs of the UAE's most dynamic industries.

EDB business lab

In 2024, EDB delivered 14 dedicated webinars covering key topics around business setup, growth, and financial management, plus 16 podcasts, offering accessible insights, best practices, and entrepreneurial guidance from industry experts.

The division also launched the Business Lab, a comprehensive online platform designed to equip entrepreneurs with the practical knowledge and tools needed to successfully navigate the challenges of business growth.

The Business Lab offers free, on-demand resources to support SMEs at every stage of their journey — from startup to scale-up. The platform delivers practical guidance on improving creditworthiness and financial literacy, using short films to demystify common business challenges and promote better financial awareness among new and growing businesses.

In addition to video content, the Business Lab provides professional templates and curated learning materials covering essential topics such as strategy, innovation, sales, marketing, and accounting — offering entrepreneurs a real-world toolkit for building resilient, competitive businesses.

Importantly, the Business Lab is also designed to support companies at the pre-financing and pre-banking stages, offering financial literacy training and advisory services to help businesses become credit-ready and better positioned to access banking solutions when the time is right.

14 dedicated webinars

covering business setup, growth, & financial management

EDB student bootcamp

In 2024, EDB launched the Student Entrepreneurship Bootcamp, a dynamic four-day programme designed to inspire the next generation of Emirati entrepreneurs. Targeted at UAE national students aged 16 to 21, the initiative aimed to equip young talent with the entrepreneurial skills, mindset, and leadership qualities needed to drive sustainable economic growth — and to align their ambitions with the Bank's five national priority sectors.

Throughout the scheme, students engaged in interactive training workshops, received one-on-one mentorship, and explored opportunities through EDB's internship programme. They also connected directly with government entities and industry experts, gaining real-world insights into the opportunities and challenges of entrepreneurship in the UAE's evolving economic landscape.

By the end of the bootcamp, participants had built essential leadership skills to help contribute meaningfully to the UAE's future economic development in line with UAE Vision 2030.

Business Divisions continued

Micro, Small and Medium Enterprises (mSMEs) continued

Looking ahead

As EDB enters the fourth year of its five-year strategy, the mSME division is set to accelerate its impact by launching new initiatives designed to support the growth, resilience, and innovation of micro, small, and medium enterprises across the UAE.

Enhancing cash management services

Following the successful launch of EDB's cash management services in December 2024, the Bank is now focused on expanding and strengthening its offering to better support working capital and trade finance needs across the mSME sector.

In 2025, EDB will continue to build out its cash management platform, introducing an expanded suite of products and services covering over 30 use cases — from liquidity optimisation and payment solutions to advanced receivables and collection services.

Expanding trade finance offerings

EDB will continue to build momentum in expanding its trade finance proposition, offering end-to-end solutions designed to facilitate smoother and more efficient international trade operations for mSMEs.

Building on the initial suite of conventional trade finance products launched in early Q2 2024, the Bank will now focus on broadening its offering to better serve a wider range of clients.

A key priority will be the development and introduction of Sharia-compliant trade finance solutions, expanding access for businesses seeking ethical and Sharia-aligned financial instruments.

All new products will be subject to careful review and assessment by EDB Governance, ensuring that every offering upholds the Bank's commitment to quality, compliance, and customer-centric innovation.

Foreign Direct Investment (FDI)

Recognising the critical role of Foreign Direct Investment (FDI) in driving economic diversification and industrial growth, EDB established a dedicated FDI team at the end of 2023, positioning the Bank at the forefront of national efforts to attract strategic international capital.

In 2024, the Bank supported FDI projects totalling AED 7 billion in financing, making a strong contribution to the UAE's government FDI targets and reinforcing the country's reputation as a global hub for business and innovation.

Looking ahead to 2025, EDB plans to expand its Go-To-Market approach and develop specialised offerings specifically tailored to attract and support new waves of foreign investment.

...a strong contribution to the UAE's government FDI targets, reinforcing the reputation as a global hub for business and innovation.

The Bank will continue to focus on greenfield setups by international companies, encouraging fresh capital investment (CAPEX) into new projects, new capabilities, and emerging sectors, all of which will play a vital role in boosting GDP, advancing industrial competitiveness, and creating high-value jobs across the UAE.

AED 7 bn
support for FDI projects

Private sector engagement

In 2025, EDB will double down on its private sector outreach strategy, deepening engagement with businesses across the UAE and making it easier for new clients to access the Bank's growing portfolio of products and services.

The division will expand its efforts to promote private sector growth, continuing to position EDB as a strategic partner for companies seeking to scale, innovate, and contribute to the national economy. Key initiatives will include:

- **Expanding the EDB Connect series, hosting events** in different Emirates to showcase EDB's offerings and forge new partnerships
- **Conducting targeted roadshows** to business associations, introducing EDB to new clients across diverse sectors
- **Hosting CEO roundtables**, providing a platform for direct dialogue with business leaders to capture market insights, understand emerging challenges, and align future offerings — particularly to support brownfield expansion projects

Beyond events, the Bank will intensify its engagement with current and future clients, expanding awareness about how EDB's solutions support both domestic growth and the UAE's broader FDI attraction efforts.

Tech-enabled growth for start-ups and micro-SMEs

In 2025, EDB will continue to empower start-ups and micro-SMEs. The division will focus on streamlining the onboarding experience, making it faster and easier for entrepreneurs to open business accounts and access EDB's full range of services.

This will be complemented by a growing suite of Beyond Banking solutions, offering practical tools, mentorship, and digital services that go beyond traditional lending to support the real-world needs of early-stage businesses.

New offerings will be seamlessly integrated into a unified digital platform.

New digital services to power business operations

The mSME division will continue to expand its digital ecosystem — introducing a new suite of services designed to streamline operations and simplify financial management for businesses across the UAE.

New offerings will include e-bill payments, debit card services, and a range of value-added solutions such as payroll management and e-invoicing — all seamlessly integrated into a unified digital platform.

By providing end-to-end business support through a single, connected ecosystem, EDB will make it easier for mSMEs to manage cash flow, pay employees, invoice clients, and run their businesses more efficiently, freeing up time and resources to focus on growth.

Business Divisions continued

Micro, Small and Medium Enterprises (mSMEs) continued

Looking ahead continued

Seamless digital onboarding via e-KYC integration

In 2025, EDB will take another step toward delivering a truly digital-first banking experience for startups and FinTechs by introducing seamless onboarding through advanced e-KYC (Know Your Customer) integration.

The rollout of the Digital e-KYC programme will enable customers to verify their identities securely and efficiently online — streamlining the onboarding process, reducing manual errors, and accelerating access to EDB's products and services.

Mentorship and e-concierge services

To build a more connected support network, the Bank is working to establish a mentorship programme in collaboration with accelerators, government entities, and legal firms, offering SMEs and startups access to expert advice, practical guidance, and strategic insight to help them grow sustainably and navigate challenges more effectively.

Complementing this, the division will launch the EDB Concierge service via its EDB 360 digital platform. Through a dedicated call centre concierge, businesses will gain one-stop advisory support for setting up operations in the UAE — from company formation to accessing banking solutions.

This service will be backed by partnerships with key government agencies, ensuring that entrepreneurs benefit from a seamless, transparent, and efficient experience when starting or scaling their ventures.

AgriX accelerator launching first two cohorts

Following a successful Proof of Concept phase in 2024 – during which the AgriX Accelerator mentored a selected group of agriculture businesses in enhancing their operations and financial performance – EDB is preparing to scale the programme for broader national impact.

In 2025, the Bank will officially launch the first two full cohorts of the AgriX Accelerator, opening up applications and vacancies to a wider pool of eligible farms and agribusinesses across the UAE. Participants will gain access to targeted training, expert mentorship, and practical resources aimed at helping them modernise, scale, and build more sustainable, technology-driven operations.

Importantly, the program's support will not end at graduation. EDB will offer post-programme aftercare and progress monitoring, tracking the ongoing development of participating farms to ensure continued growth and impact over time.

Manufacturing accelerator platform for industrial entrepreneurs

In 2025, EDB will take a major step forward in advancing the UAE's industrial transformation with the formal launch of its Manufacturing Accelerator Program — developed in partnership with the Ministry of Industry and Advanced Technology (MoIAT).

This first-of-its-kind regional initiative is designed to directly address the challenges faced by manufacturing entrepreneurs and SMEs, from scaling production to driving innovation and navigating new market opportunities.

Through the program, industrial businesses will gain access to the tools, mentorship, and specialised support needed to modernise operations, accelerate growth, and strengthen their contribution to the UAE's broader industrial strategy.

Wholesale and Institutional Banking

EDB's Wholesale & Institutional Banking (WIB) division connects large corporates, industrial champions, and key institutions with the financing they need to scale, with a focus on the sectors and enterprises critical to the UAE's long-term resilience and global competitiveness.

In 2024, WIB continued to turn EDB's mission into measurable outcomes: empowering businesses, catalysing industrial growth, and delivering strategic impact aligned with the nation's economic transformation agenda.

The division recorded AED 5.8 billion in new financing for the year, surpassing its 2024 target of AED 4.8 billion. Since the launch of EDB's Strategy 2021, WIB has cumulatively deployed AED 8.9 billion in financing, exceeding its target of AED 8.8 billion.

12 new client groups were onboarded across EDB's five priority sectors, with the division expanding its portfolio to support 15 large enterprise groups with an annual turnover exceeding AED 250 million. Each of these partnerships was carefully selected for its potential to contribute to the UAE's goals of economic diversification, industrial advancement, and technological leadership.

Solutions for strategic growth

Through the completion of the first phase of its product innovation program, WIB expanded EDB's ability to meet the complex needs of large corporates and institutional clients, ensuring that the financing offered truly enables growth and competitiveness.

The division forged a partnership with Commercial Bank of Dubai (CBD) to broaden EDB's trade finance capabilities, while internally creating stronger links between its syndications and coverage teams — maximising market reach and strengthening the value delivered to clients.

This success was reflected in real-world impact. WIB played a leading role in financing key initiatives, including the Khazna Data Centre, a vital part of the UAE's digital economy expansion. The division also accelerated renewable energy lending in support of the UAE Energy Strategy 2050, reinforcing EDB's contribution to the country's climate-aligned industrial agenda.

Evolving transaction banking

Recognising that operational resilience is as important as capital access, WIB modernised EDB's Transaction Banking offering by merging Trade and Cash Management into a unified function, creating a seamless, client-centred platform for daily financial operations.

In parallel, WIB launched 12 new conventional trade finance and working capital solutions, including supply chain finance that provides businesses with the agility they need to expand domestically and internationally. Several new functionalities were added to the Cash Management portal, enhancing its digital capabilities and ease of transacting for clients.

Meanwhile, the launch of EDB SmartConnect has given clients secure, real-time access to liquidity management, cash positioning, and transaction oversight, ultimately strengthening business continuity across sectors.

Business Divisions continued

Wholesale and Institutional Banking continued

Evolving transaction banking continued

Phase Two of the Cash Management roadmap introduced:

4 new Islamic banking products

19 digital functionalities, including enhanced reporting dashboards and a customer-centric deposit view

Expanded payment capabilities covering USD transfers, Host-to-Host (H2H) and SFTP payments, bill payments, UAE GPSSA contributions, and WPS/non-WPS payrolls

Broadened collection services including DDS, ICCS cheque clearing, liquidity management, and remote cash processing

Focused sectoral support

WIB's work in 2024 was closely aligned to EDB's mission of enabling sectors of strategic national importance:

- In **renewable energy**, WIB financed projects supporting the UAE's Net Zero by 2050 roadmap, accelerating the launch of power generation, water preservation, and environmental sustainability.
- In **advanced technology**, financing helped expand the country's data centre infrastructure — a thriving backbone of the digital economy.
- In **healthcare**, WIB supported capacity-building initiatives to reduce reliance on outbound medical travel and strengthen the UAE's regional healthcare leadership.
- In **industrial manufacturing**, the division supported enterprises tapping into new global markets enabled by the Bank's Comprehensive Economic Partnership Agreements (CEPAs), reinforcing the UAE's position as a competitive manufacturing hub with cost efficiency and tariff advantages.

Looking ahead

As EDB targets AED 23 billion in financing by 2025, WIB will continue to be a major force in delivering that ambition through strategic financing that accelerates transformation in priority sectors.

The division will focus on unlocking finance for large enterprises and joint ventures across the Bank's priority sectors, engaging proactively with the private sector under EDB's Top 100 initiative, and forging deeper partnerships with local and regional banking institutions.

Additionally, WIB is leveraging Usance Payable at Sight Letters of Credit, which allow importers to defer payments while ensuring that exporters receive funds immediately upon presentation of compliant documents.

Going forward, WIB will remain anchored in the Bank's founding purpose: to enable transformational projects that contribute to the UAE's long-term industrial resilience and global competitiveness.

...anchored in the Bank's founding purpose: to enable transformational projects that contribute to the UAE's long-term industrial resilience and global competitiveness.

Operationally, WIB will further modernise its platform, integrating robotic process automation (RPA) and machine learning (ML) to improve speed, accuracy, and risk management.

The division will expand its role in industrial co-lending partnerships, collaborating with strategic stakeholders to finance complex, capital-intensive projects that align with the UAE's economic diversification goals.

On the Transaction Banking front, our Trade Finance platform will integrate with platforms like Haifin/UTC to enhance transparency, reduce risk exposure, and protect the supply chains EDB clients depend on.

Business Divisions continued

Treasury and Investments

In 2024, EDB's Treasury and Investments (T&I) division played a critical role in sustaining the Bank's strong financial position while enabling long-term growth. By managing liquidity, optimising investments, and diversifying funding sources, T&I strengthened EDB's ability to deliver impact while navigating an evolving financial landscape.

The division delivered an interest income of AED 506 million, including earnings from the excess cash in the amount of AED 2.715 billion received midyear as part of the Home Finance portfolio sale. Excluding proceeds from this sale, underlying interest income stood at AED 430 million. Operating income was strong at AED 250 million, driven by a surge in dividend income — with T&I contributing over 40% of the Bank's total operating income for the year.

The division delivered an interest income of AED 506 million, including earnings from the excess cash in the amount of AED 2.715 billion received midyear as part of the Home Finance portfolio sale.

There was a like-for-like 8% growth in interest income, bolstered by AED 40 million generated from the strategic divestment of AED 1.4 billion into Monetary Bills (M-Bills) at the Central Bank of the UAE, which commenced in March 2024. The division also recorded an improvement of 23 basis points in the average annual yield across the bonds and sukuks portfolio, reflecting prudent portfolio management.

Fee income from Financial Markets Solutions — including interest rate hedging and FX cash transactions — rose by approximately 50%, while rental income from the Bank's real estate portfolio also increased. On average, T&I managed assets totalling AED 10.6 billion by year-end 2024 (including Home Finance sale proceeds) and approximately AED 9.2 billion excluding the incremental funds.

AED **250**mn
operating income

50%
increase in fee income from Financial Markets Solutions

Fixed income portfolio

Throughout 2024, T&I maintained a disciplined, high-quality fixed income strategy — carefully balancing risk, stability, and long-term value. The Bank's portfolio was conservatively positioned, with 60% of investments allocated to UAE names (AED 898 million) and the remaining 40% to GCC names (AED 602 million).

This conservative approach allowed EDB to successfully navigate a year marked by rising interest rates, shielding the Bank's investment book from mark-to-market (MTM) volatility and preserving value for the future.

...a disciplined, high-quality fixed income strategy — carefully balancing risk, stability, and long-term value.

Every instrument in the portfolio was classified as Held-to-Maturity (HTM), ensuring that investment decisions aligned with EDB's long-term view and steady growth ambitions. The portfolio carried an average credit rating of BBB+, reflecting a strong commitment to credit quality and risk management.

Sector exposures were deliberately focused, led by Financials (33%), Sovereigns (21%), and Utilities (13%) —offering defensive characteristics and stable returns through market cycles.

Sector exposures were focused offering stable returns:

33% Financials

21% Sovereigns

13% Utilities

Business Divisions continued

Treasury and Investments continued

Strategy

The division made steady progress in growing liabilities and diversifying funding sources, attracting new term deposits from corporate clients while expanding the reach of EDB's enhanced cash management solutions. These efforts supported the Bank's broader strategy of maintaining a strong, balanced funding base to support industrial lending and economic development priorities.

As custodian of EDB's cash and liquid assets, T&I managed a diverse portfolio of high-quality investments, with a clear focus on long-term, stable returns, including the active management of treasury liability products, securing competitive-cost deposits that provided a reliable platform for funding EDB's lending activities while strengthening relationships with clients and partners.

The Bank's strategic commitment to national development was reaffirmed at the ACT Middle East Treasury Summit 2024, where EDB highlighted its patient approach to debt — offering long-tenor financing and competitive pricing to support transformative projects that contribute meaningfully to the UAE's economic growth.

Throughout the year, T&I upheld the Bank's conservative investment philosophy, carefully managing exposures across sector, geography, duration, and credit rating. Despite a sharp rise in interest rates, the Bank's hold-to-maturity strategy proved its strength, insulating the investment book from significant mark-to-market (MTM) volatility and preserving value for the long term.

Fixed income Issuances

In March 2024, EDB successfully managed the maturity of a bond issuance, using proceeds from the Ministry of Finance loan to meet the repayment in full.

Despite a sharp rise in interest rates, EDB's strategy proved its strength, insulating the investment book and preserving value for the long term.

Real estate

In 2024, EDB's real estate strategy delivered strong operational gains, underpinned by a deliberate focus on maximising occupancy and enhancing asset value.

Residential occupancy levels reached new highs — peaking at 97% in December and averaging 93% for the year — a significant improvement compared to 2023. Commercial occupancy also saw notable growth, with Port Saeed reaching 46% occupancy and Al Garhoud rising to 80% — a marked advancement from the previous year, when only a single ground-floor unit in Port Saeed had been leased.

Rental income grew by nearly 10% year-on-year, driven by higher occupancy rates and the deferred sale strategy. While revenue growth remained modest in 2024, the significant gains in occupancy set the stage for strong future performance: rental income is forecast to double in 2025, and increase 2.5 times by 2026, as occupancy stabilises at higher levels and rental rates are optimised.

Residential occupancy levels reached new highs — peaking at 97% in December and averaging 93% for the year.

This improvement was the result of a strategic shift implemented by the Treasury & Investments (T&I) team, prioritising leasing vacant properties over immediate sale. By focusing on sustained revenue generation, while reinvesting rental income into maintenance, refurbishments, and administrative upgrades, EDB was able to increase the long-term value of its real estate portfolio — an impact already reflected in year-end asset valuations.

Additionally, revised pricing on new leases for Al Maha units in 2025, alongside the 5% rent increase applied in 2024 (taking effect from 2025), is expected to further accelerate revenue growth in the years ahead.

Business Divisions continued

Treasury and Investments continued

Governance

In 2024, strong governance remained a cornerstone of EDB's financial management strategy — ensuring that risk, liquidity, and balance sheet dynamics were actively and prudently overseen throughout a dynamic economic environment.

ALCO convened 14 times in 2024

The Bank's Asset and Liability Committee (ALCO) convened 14 times during the year, providing critical oversight of balance sheet management, interest rate risk, and liquidity risk. These sessions played a central role in preserving financial stability and optimising EDB's risk management framework in a shifting market landscape.

To further strengthen oversight, EDB established an independent Balance Sheet Management (BSM) function within the Finance department. This newly created unit is tasked with:

- Implementing and managing the Funds Transfer Pricing (FTP) policy
- Administering management incentive structures linked to financial performance
- Overseeing Interest Rate Risk in the Banking Book (IRRBB) and Foreign Exchange Net Open Position (FX NOP) reporting through dedicated Management Information Systems (MIS)
- Leading forward planning for structural hedging and Net Interest Income (NII) forecasting

Beyond risk management, the BSM team will also supports broader strategic planning — including the development of the Bank's funding mix strategy, the formulation of the High-Quality Liquid Assets (HQLA) framework, and regular reviews of the Contingency Funding Plan and liquidity projections.

Together, these initiatives ensure EDB maintains a strong liquidity profile and remains resilient against external shocks. Another key element of BSM's work in 2025 will be the governance of Risk-Adjusted Return on Capital (RAROC) calculations, establishing robust methodologies and tools to assess profitability through a risk-adjusted lens.

In line with evolving regulatory expectations, the Market Risk team implemented the IRRBB policy in 2024, with regular updates on the Bank's Earnings at Risk (EaR) and Economic Value of Equity (EVE) discussed during ALCO meetings, ensuring continuous monitoring of interest rate exposures.

During the year, EDB also took a notable step forward in its balance sheet strategy by converting its fixed-rate debt into floating rate obligations for the first time — a move aligned with Basel III Guidelines on supervisory standards.

To further strengthen oversight, EDB established an independent Balance Sheet Management (BSM) function within the Finance department.

Supporting customers

EDB's Treasury and Investments division continued to strengthen its support for business teams and clients — helping manage risk, enhance liquidity, and improve transaction efficiency across the Bank.

The Financial Markets (FM) Solutions team played a central role, providing tailored support in three critical areas:

1. Interest rate hedging to protect clients against market volatility
2. Foreign exchange (FX) cash transactions to facilitate international trade
3. Term deposits to help optimise client liquidity management

FM Solutions also partnered closely with the Cash Management division to revitalise EDB's Liabilities strategy, leveraging CASA-based offerings to improve funding efficiency and support the Bank's broader balance sheet objectives.

Meanwhile, the Financial Institutions Group (FIG) introduced a revised limit structure, allocating specific unfunded bank limits to facilitate and streamline trade finance transactions for EDB clients.

Operationally, the team strengthened cross-bank relationships by establishing Relationship Management Agreements (RMAs) with key counterparties, ensuring seamless transaction processing and improving execution efficiency across multiple channels.

STANDARD & POOR'S

credit rating upgraded to AA

... the only bank in the MENA region to achieve such an upgrade in 2024.

In December 2024, EDB further enhanced its global transaction banking capabilities by opening a new Nostro account with a USD clearing bank — enhancing the Bank's ability to process US dollar transactions more efficiently and supporting its growing base of internationally active clients.

Exceptional ratings

In 2024, EDB's strong financial performance and strategic national role were recognised by global rating agencies.

S&P Global Ratings (SPGR) upgraded EDB's credit rating from AA- to AA with a stable outlook — making EDB the only bank in the Middle East and Africa to achieve such an upgrade during the year.

Meanwhile, Fitch Ratings reaffirmed EDB's AA- rating, maintaining a stable outlook and underscoring the Bank's strong financial position, strategic relevance to the UAE's diversification efforts, and the high level of government support backing its long-term mission.

Business Divisions continued

Treasury and Investments continued

Funding and liabilities

At the start of 2024, the division continued its strategy of generating liabilities through term deposits, building on the momentum established the previous year. However, as market conditions evolved, EDB made a strategic mid-year pivot.

In April, the focus shifted toward addressing the Bank's Cost of Funds challenge — redirecting efforts to secure lower-cost deposits from commercial corporates. This recalibration reflected a deliberate move to strengthen funding efficiency and align the Bank's liability structure with its long-term growth ambitions.

While the strategy resulted in a temporary reduction in corporate deposit volumes, it marked an important step towards creating a more sustainable, cost-effective funding base to support EDB's expanding industrial finance portfolio.

Funding diversification

In 2024, EDB continued to make significant strides in broadening and strengthening its funding base. A major milestone was achieved when the Bank secured its cheapest long-term funding to date — a AED 2.8 billion bilateral borrowing from the Ministry of Finance.

To manage interest rate exposure and maintain financial flexibility, this fixed-rate loan was immediately converted into a floating-rate obligation through an interest rate swap, neutralising the associated risk. Liquidity surged mid-year following the sale of the Home Finance portfolio, providing EDB with a temporary influx of funds.

The division responded strategically, shifting its focus to optimising the deployment of these surplus funds, balancing near-term opportunities with the Bank's broader long-term growth and funding objectives.

Looking ahead

As EDB moves into 2025, the Treasury and Investments division will continue to anchor its strategy around four core priorities: funding diversification, investment optimisation, operational efficiency, and ethical banking.

Funding diversification

The division will explore a range of funding channels — including bilateral borrowings, standby and revolving credit facilities, repurchase transactions, public issuances, and private placements — to create a well-balanced portfolio of long- and short-term instruments. The objective remains clear: to ensure a sustainable, efficient funding base with a strong alignment between assets and liabilities.

To further optimise the investment portfolio, T&I has secured approval to partially divest selected private equity holdings, having already gauged market appetite for these assets. A revised strategy – including an authorisation request for a Sell Mandate – will be proposed to the Board by June 2025.

In parallel, T&I is considering the opportunistic monetisation of gains from the Bank's listed equity portfolio through partial sales, with plans to reinvest proceeds into more lucrative opportunities aligned with EDB's risk-return objectives.

The Bank has secured Board approval to invest AED 1.25 billion into a shorter-duration portfolio (~1.4 years), with deployment already underway and expected to be completed by Q1 2025.

Throughout the year, the division will maintain its focus on extending the maturity profile of short-term funds where possible, optimising bank limits, and leveraging higher-yielding Monetary Bills (M-Bills), strengthening the Bank's liquidity position and preparing it for future growth.

Building liabilities

Strengthening the liabilities side of the balance sheet remains one of EDB's highest strategic priorities for 2025, particularly to support the continued growth of the Industrial Finance portfolio.

The strategy also aims to unlock new sources of liabilities through the Bank's expanding mSME platform, providing a natural bridge between transaction banking and longer-term funding.

Strengthening the liabilities side of the balance sheet remains one of EDB's highest strategic priorities.

The Bank's approach will focus on securing term deposits from both existing and new corporate clients, as well as expanding relationships with Non-Banking Financial Institutions (NBFIs) and government-related entities.

Alongside this, EDB will leverage its newly launched Cash Management solutions to grow Current Account & Call Account (institutional CASA) balances, offering clients more integrated banking solutions while optimising the Bank's funding structure.

To further broaden its offering, EDB is actively developing an Islamic banking framework, with plans to introduce Wakala deposits and Islamic CASA products. This will provide Sharia-compliant financial solutions for investors seeking ethical alternatives, and position the Bank to better serve a growing and important segment of the UAE's financial ecosystem.

Business Divisions continued

Treasury and Investments continued

Looking ahead continued

Investment optimization

Over the coming year, EDB will continue to focus on maximising the value of its liquidity resources to support sustainable growth and funding stability. A key priority will be the retention and effective utilisation of short-term Money Market (MM) lines, extended by financial institutions in early 2024.

These lines — totalling more than AED 1 billion — provide a vital, flexible source of liquidity, enabling the Bank to optimise its funding strategy while maintaining the agility needed to respond to evolving market conditions.

A key priority will be the retention and effective utilisation of short-term Money Market lines, extended by financial institutions in early 2024.

Repo framework

As part of its broader strategy to strengthen liquidity management and operational resilience, EDB is developing a comprehensive Repurchase Agreement (Repo) framework.

In 2024, the Bank began negotiating Global Master Repurchase Agreements (GMRAs) with counterparties, laying the foundation for more sophisticated collateral-based funding solutions.

In parallel, EDB is establishing a dedicated collateral management unit within the Operations team — a move designed to ensure efficient allocation and tracking of pledged assets under both Credit Support Annexes (CSAs) and GMRAs.

To support these capabilities, the Bank plans to integrate Bloomberg's Collateral Management [MARS] module into its T24 core banking system, creating a structured, technology-driven environment for managing collateral and secured funding operations.

Public or private issuance

In 2025, EDB is actively exploring opportunities to further diversify its funding sources through a potential public or private issuance — in either UAE dirhams (AED) or US dollars (USD).

To identify the most strategic path forward, the Bank has begun engaging with financial institutions, assessing a range of issuance structures and options that align with its long-term funding needs and liquidity management strategy.

While EDB maintains ample liquidity and has no immediate refinancing pressure — with its next bond maturity scheduled for June 2026 — the Bank is closely monitoring market conditions.

Should opportunities arise, EDB may choose to issue earlier to capitalise on the current tightening of GCC credit spreads, optimising funding costs and strengthening its balance sheet ahead of future growth.

Real estate

The Treasury & Investments division will advance a structured real estate strategy designed to unlock value and strengthen long-term financial sustainability.

The division plans to propose the targeted sale of selected land plots, with the aim of monetising gains, eliminating recurring holding costs, and reducing the carrying burden of underutilised assets.

Proceeds from these strategic sales will be reinvested into annuity-generating assets, ensuring that the portfolio continues to contribute stable, recurring income while supporting the Bank's broader objective of building a resilient, future-ready balance sheet.

Operational efficiency

In 2024, EDB took important steps to strengthen its operational infrastructure while maintaining a sharp focus on cost efficiency and execution quality.

The Bank initially engaged an external vendor to lead the integration of Bloomberg's Trade Order Management System (TOMS) and Risk & Derviatives Management modules (from MARS) into its core platforms — T24 and Oracle.

However, after completing the initial deliverables, it became clear that the project's scope, complexity, and associated costs would be better managed internally. EDB transitioned the integration to in-house resources, ensuring greater control, efficiency, and alignment with long-term technology goals.

The revised timeline targets completion by Q2 2026, positioning the Bank to enhance operational resilience and strengthen treasury and trading capabilities once fully implemented.

Ethical banking

Over the next year, EDB will take decisive steps to expand its ethical and sustainable banking initiatives.

The Bank is working to establish a Green Financing Framework and obtain the necessary certification to support sustainable fundraising activities — both for the year ahead and as part of its long-term financing strategy.

This framework will enable EDB to better align its funding activities with global environmental standards while providing new opportunities to finance projects that contribute to the UAE's Net Zero ambitions.

At the same time, the Treasury & Investments division will support the expansion of EDB's product portfolio by developing Sharia-compliant financial solutions, opening new avenues for trade finance, cash management, and risk management instruments tailored to investors and businesses seeking ethical, Sharia-aligned offerings.

Support Functions

Operations and IT

At EDB, operational excellence and technological strength are the foundations that enable the Bank to deliver on its national mission. In 2024, the Operations & IT teams worked behind the scenes — yet at the very heart of progress — driving system upgrades, platform launches, cybersecurity enhancements, and infrastructure growth that allowed the Bank to scale, innovate, and serve the UAE's evolving needs.

Banking platform

A key highlight of EDB's digital transformation journey in 2024 was the successful launch of the SmartConnect Cash Management platform — a milestone in modernising the Bank's service offering for business clients.

Launched in the first quarter of the year, SmartConnect was designed to streamline and simplify cash flow management, offering businesses a secure, digital-first way to manage transactions, liquidity, and payments in real time.

The initial phase introduced seven new cash management products, including Bill Payments, Wage Protection System (WPS) services, Cash Collections, Payment Gateway integration, Corporate Cards, and Blue Collar Salaries.

Alongside this, 10 new platform features were rolled out, significantly extending the Bank's ability to meet a broader range of client needs with greater flexibility and convenience.

By the end of 2024, SmartConnect had successfully onboarded 50 clients, executing approximately 30 transactions per month with an electronic throughput (eThroughput) of approximately 7–8 million AED per month — establishing a strong foundation for scaling digital transaction services into 2025 and beyond.

A key digital transformation highlight was the successful launch of the **SmartConnect Cash** Management platform.

50 new clients
successfully onboarded

Circa **30**
transactions per month

AED **7-8** mn
per month eThroughput

Trade finance

In 2024, EDB took a significant step in strengthening its Trade Finance capabilities, bringing new breadth and depth to the Bank's service offering for industrial and institutional clients.

The division successfully operationalised the Trade Finance platform, introducing 10 new trade and working capital products to better support client needs — from supply chain financing to liquidity management solutions. This expansion enabled the Industrial Finance unit to enhance cross-selling opportunities, deepen client relationships, and diversify income streams across key sectors.

To support the rollout, the team launched a new suite of Trade Finance applications and updated the Bank's operational framework — introducing revised terms and conditions, tariffs, and standard operating procedures to ensure consistency, compliance, and ease of use for clients and teams alike.

Support Functions continued

Operations and IT continued

Centre of excellence and enterprise project management office

In 2024, EDB sharpened its focus on operational excellence, with the Centre of Excellence (CoE) and the Enterprise Project Management Office (EPMO) working hand in hand to drive best practices across every corner of the Bank.

The CoE concentrated on three core pillars: Service Delivery, Customer Experience, and Operational Excellence — each designed to enhance internal efficiency, improve customer outcomes, and embed a culture of continuous improvement.

For **Service Delivery**, the CoE reviewed and streamlined process flows, driving efforts to reduce turnaround times and enhance service responsiveness.

In **Customer Experience**, the focus was both reactive and proactive — managing complaints, gathering survey feedback, and implementing best-in-class initiatives. Using Net Promoter Score (NPS) surveys, mystery shopper programmes, and inter-departmental scoring methodologies, the CoE created a dynamic system for assessing and improving client satisfaction.

Under **Operational Excellence**, audits were conducted to minimise redundancies, remove workflow bottlenecks, and optimise document management across both back-office and client-facing operations.

To underpin these efforts, the CoE established a centralised knowledge repository in 2024 — a structured hub containing the Bank's key processes, policies, and operational documentation.

Every new product or initiative launched now requires the creation of associated Standard Operating Procedures (SOPs), Service Level Agreements (SLAs), Business Requirement Documents (BRDs), and Change Requests (CRs) — with issues tracked and resolved systematically.

In parallel, the Enterprise Project Management Office (EPMO) continued to oversee all major projects across the Bank. Operating independently, the EPMO applied advanced project management methodologies, providing weekly visibility reports to the Executive Committee to ensure leadership oversight and alignment with strategic objectives.

The CoE also played a key role in enhancing internal collaboration by establishing service-level agreements between back-office teams and key client-facing divisions, including Wholesale & Institutional Banking (WIB) and mSME Banking.

Performance and security

In 2024, the Operations & IT division reinforced one of EDB's most critical priorities: ensuring operational resilience and security evolve alongside the Bank's growth.

The year began with a focus on strengthening cybersecurity capabilities, expanding the Bank's cyber team and conducting a phishing awareness campaign across the organisation. Staff received lessons-learned feedback and follow-up sessions, building greater awareness and readiness across all business units.

A major milestone came in October, when EDB achieved ISO/IEC 27001:2022 certification for its Information Security Management System — reaffirming the Bank's commitment to regulatory compliance, cyber risk mitigation, and secure financial operations.

In December, the IT team conducted its annual health check of Core Banking Systems, optimising performance and ensuring that critical platforms remain robust and future-ready. This was complemented by a series of disaster recovery simulations — deliberately shutting down and restoring key systems to validate EDB's ability to respond quickly and effectively to operational disruptions.

Beyond resilience, 2024 was a year of technological transformation. The division accelerated the integration of Robotic Process Automation (RPA), automating ten key processes across the Bank.

International Organization for Standardization ISO 27001

Information Security Management System (ISO/IEC 27001:2022)

The impact has been tangible:

100%	**accuracy** in transactional processing
30%	**reduction** in process times
AED 1+ million	**cost savings** annually
690+ mins	per day **redirected from manual tasks** to strategy and customers

RPA has proven to be a powerful enabler, allowing the Bank to operate with greater precision, speed, and scalability, in line with its digital-first ambitions.

Support Functions continued

Operations and IT continued

Transforming reconciliation through automation

WIB is leveraging Robotic Process Automation (RPA) to revolutionise the Bank Reconciliation process by replacing manual workflows that were once slow, labour-intensive, and prone to error.

The automated solution extracts data from multiple systems and statements, including EDB's Core Banking platform, Transact T24. It compares transactions, identifies mismatches, and generates reconciliation reports with precision.

This transformation has dramatically improved operational efficiency, reducing turnaround time from four hours per day to under 15 minutes, while significantly enhancing accuracy, reliability, and scalability across the Bank's reconciliation operations.

Performance measurement

In 2024, WIB advanced its service quality agenda through three core initiatives:

1. **Net Promoter Score (NPS)** to capture and respond to real-time customer feedback trends.
2. **Inter-Departmental Surveys (IDS)** to strengthen collaboration between teams, identify service gaps, and enhance internal communication.
3. **Mystery Shopper Programs** to independently audit service delivery, ensuring consistency and uncovering targeted training needs.

These tools, combined with regular tracking through an intranet dashboard and quarterly reporting, help ensure that service excellence is systemic, measurable, and transparent.

Beyond customer experience, EDB reinforced its operational resilience credentials in 2024 by achieving ISO 27031 certification for the fifth consecutive year — a strong endorsement of the Bank's commitment to ICT Readiness for Business Continuity that affirms EDB's capability to protect its critical operations against disruption risks.

In addition, IT conducted a comprehensive security assessment of the Bank's infrastructure, identifying areas for further reinforcement and strengthening EDB's multilayered cybersecurity defences — ensuring that as the Bank grows, its resilience grows even stronger.

Headquarters expansion

In the first quarter of 2024, the Operations & IT division expanded its physical footprint by doubling its office space at EDB's Dubai headquarters, consolidating its teams into a single, integrated unit. This expansion was designed to support the division's growing responsibilities across infrastructure, digital platforms, and service delivery, enabling closer collaboration and greater operational efficiency.

Looking ahead

Operations

As EDB moves into 2025, the Operations team will continue to focus on building a stronger, more agile foundation to support the Bank's long-term strategic ambitions.

Aligned with EDB's four strategic priorities for the year ahead, the Centre of Excellence (CoE) will establish four specialised working groups, led by senior managers from across divisions.

These groups will be tasked with defining and documenting operational policies, procedures, and workflows — creating a structured framework to enhance efficiency, consistency, and scalability for current initiatives and future growth.

The goal is to deliver an even more seamless experience for clients as they access an increasingly diverse range of financial and non-financial services.

Alongside this, Operations will continue to maintain and expand the back-office IT infrastructure that underpins all of EDB's platforms.

The goal is to deliver an even more seamless experience for clients as they access an increasingly diverse range of financial and non-financial services — including future value-added offerings such as tax management, human resources management, and customer relationship management (CRM) services.

IT

In 2025, the IT division will continue building the digital foundations needed to support EDB's next phase of growth, innovation, and operational resilience.

A key milestone will be the launch of Phase Two of SmartConnect in the first half of the year — expanding the platform's capabilities to offer even greater functionality, control, and client experience.

At the same time, IT will deepen EDB's use of intelligent automation by expanding the integration of bots to improve operational efficiency, while laying the groundwork for broader adoption of artificial intelligence (AI) and analytical applications across the Bank.

Two specific AI use cases will be prioritised in 2025:

1. **Credit decisioning**, reducing turnaround times for credit approvals and improving customer responsiveness.
2. **Recruitment review and selection**, enhancing the speed, accuracy, and objectivity of candidate screening and hiring processes.

Another major focus will be the development of a comprehensive cloud strategy. The Bank will assess options for transitioning its data centre hosting from its current on-premises environment to a public, private, or hybrid cloud solution — evaluating each model's impact on customer experience, operational efficiency, cost management, security, and resilience.

Support Functions continued

Our People

Behind every financing milestone, sectoral breakthrough, or strategic partnership at EDB, there is a team of people making it happen. The Support Functions – led by the Human Resources team – play a critical role in building and sustaining the organisational strength that enables the Bank to deliver on its mandate.

In 2024, this role became even more pronounced as EDB expanded its workforce, deepened its culture, and launched programs that reflect where the Bank is going and what it stands for. This was a year of growth, engagement, and investment in future talent.

A growing team for a growing mission

As EDB scaled its operations, so too did its workforce. The HR team managed a 39.11% headcount increase, growing from 248 to 345 employees — a significant expansion that reflects the Bank's growing role across priority sectors and its need for specialist expertise across functions.

This internal growth was matched by external recognition. EDB became the first local bank in the UAE to be certified as a Great Place to Work®, achieving an 80% score — a reflection of the Bank's people-first culture rooted in innovation, inclusion, and shared purpose.

Support Functions continued

Our People continued

Talent acquisition

EDB continued its commitment to nurturing national talent and attracting high-calibre professionals across disciplines. Recruitment activities spanned career fairs at HCT Dubai, Al Ain University, and Abu Dhabi University, as well as participation in Ru'ya Careers UAE — helping the Bank connect directly with the next generation of Emirati professionals.

20 internal engagement events

39% headcount increase

94% employees feel heard

135+ new hires

Employee engagement and culture

Culture remained a top priority. The HR team organised 20 internal engagement events, including a women's outdoor retreat, Ramadan Suhoor, Pink October, Emirati Women's Day, and UAE National Day celebrations, creating space for employees to connect, reflect, and celebrate.

The Engagement Champions program, which now includes 21 representatives from across the Bank, continued to strengthen internal communications using personal storytelling, social media, and peer-to-peer advocacy to connect teams and amplify culture.

Two core platforms helped maintain that sense of openness and transparency:

1. Townhall Meetings, which offered employees a regular space to share feedback and ask questions.
2. The CEO New Joiner Initiative, which brought fresh talent into conversation with Bank leadership from day one.

The Viva Engagement platform remained the digital home for internal storytelling, celebrating milestones, welcoming new hires, and showcasing cross-functional success.

These collective efforts – from surveys and events to platforms and champions – have helped build a workplace that feels dynamic, human, and genuinely connected. And they're working.

According to the 2024 Talent Acquisition Survey, 94% of employees said they feel their voices are heard and their feedback is valued — a strong affirmation of EDB's people-first approach.

Embracing Emiratization

EDB sees Emiratization as a long-term investment in national capability and leadership. In 2024, the Bank achieved 37% Emiratization — meeting both internal benchmarks and national expectations to attract, develop, and empower UAE nationals at every level.

Over the course of the year, EDB welcomed more than 135+ new hires, including 41 UAE nationals, three of whom joined in C-suite positions. By year-end, the Bank had reached 105 UAE national employees, representing 36% of the total workforce — a strong foundation for long-term national leadership within the organisation.

Each graduate completed 168 hours of foundational business training with a clear path toward specialisation...

The Bank's Emirati Graduate Programme continued to be a key pathway for early-career development. Graduates were given the opportunity to engage directly with senior leaders – including the CEO, the Chief Human Resources Officer, and the Director of Learning & Development – helping build confidence and visibility from day one. Regular check-ins with the L&D team ensured personalised support and career tracking.

Each graduate completed 168 hours of foundational business training over the course of the programme, with a clear path toward specialisation within 18 months. Training was complemented by access to global platforms such as Coursera, Harvard ManageMentor, ADGM, and EIFS, allowing graduates to explore topics from business fundamentals to sector-specific strategy.

2024 marked the conclusion of the first cohort of the Graduate Programme, with participants transitioning into full-time roles. A new second batch of 10 Emirati graduates was onboarded – two of whom had previously interned at EDB – underscoring the Bank's commitment to continuity and career growth.

Beyond the graduate stream, the High Potentials (HIPO) Programme continued to identify and support top-performing UAE nationals across the Bank. In 2024, 19 Emiratis participated in the programme. The first batch successfully completed a rigorous assessment phase, and planning began for future cohorts, along with the rollout of additional training modules.

41 UAE nationals hired

3 in C-Suite positions

36%

Emiratization

Support Functions continued

Our People continued

Diversity and inclusion (D&I)

The Bank continued to shape a workplace where people from different backgrounds, experiences, and perspectives can thrive.

Through inclusive hiring and a commitment to equal opportunity, EDB attracted talent from 22 nationalities. Women continued to play a strong and visible role in the organisation, making up over 40% of the total workforce, with fair and meaningful presence in senior roles and on strategic committees.

Celebrating success

Over the course of the year, HR introduced new programs to recognise achievement that represented EDB's values in action, reinforcing the behaviours that move the Bank forward. 50 employees were formally recognised for their outstanding contributions:

10 for delivering **innovative excellence**

7 for driving **economic impact** over profit

9 for **inspiring others** with ambition

14 for excelling through **partnerships**

13 for living a **culture of respect**

Wellbeing

A thriving organisation starts with healthy, motivated people. In 2024, the HR team curated a series of wellness initiatives focused on nutritional awareness, mobility and yoga, mental health, and women's health. These programs were designed to build long-term habits, encourage movement, and support overall wellbeing in and beyond the workplace.

As part of the 30X30 Dubai Fitness Challenge, EDB employees took part in the LVL Wellbeing app challenge — a month-long wellness journey filled with personal goals, movement milestones, and friendly competition across teams and departments. The initiative encouraged colleagues to motivate one another and build momentum together.

Whether through group activities or digital challenges, the focus was the same: to empower employees to take care of their health — and to support each other in doing so. Going forward, wellbeing will continue to be a key pillar of EDB's people-first culture, helping ensure that as the Bank grows, its people grow too.

40% female employees

22 nationalities

Learning and development

During the year, the Learning & Development team focused on upskilling the workforce, fostering innovation, and building future-ready capabilities across the organisation.

A standout initiative was the launch of AI Wave — a program designed to build awareness, understanding, and confidence around the use of artificial intelligence across banking functions. Through interactive workshops, hands-on sessions, and a headline panel led by IBM AI experts, employees explored the real-world application of AI in financial services. The results were tangible: by year-end, 67% of full-time employees had completed AI awareness training, laying the groundwork for a more digitally enabled workplace.

In parallel, employees continued to engage with Coursera, the Bank's online learning platform offering hundreds of business-focused courses and professional certifications. Introduced in 2022, the platform has become a key part of EDB's learning journey — with staff logging an average of 43 training hours per person in 2024.

EDB also evolved how learning happens — adopting the '70-20-10' model, a more outcomes-driven approach that blends 70% classroom learning, 20% on-the-job training, and 10% mentorship. The model was paired with personal development plans and progress tracking, ensuring that learning translated into real performance gains and career progression.

Going forward, learning and development will remain central to building the agile, skilled workforce required to power the UAE's next wave of industrial and economic transformation.

67%
employees completed AI awareness training

43hrs
average training per person

Support Functions continued

Our People continued

Total reward function

In 2024, the Bank took meaningful steps to ensure its reward structure remained competitive, fair, and aligned with both market benchmarks and internal aspirations. A new pay scale was introduced, benchmarking salaries against industry standards to retain top talent and reduce turnover. This was accompanied by a refreshed promotion and salary increment policy, clearly linking career progression to performance.

Through quarterly performance reviews, employees were given structured feedback and the opportunity to discuss career goals and development pathways — turning performance into progress.

The Bank successfully completed its annual merit increment cycle, with salary increases and promotions based on transparent performance criteria and detailed job evaluations. This cycle reinforced EDB's performance-based culture and rewarded those delivering impact across the organisation.

In closing the year, the HR team oversaw the distribution of year-end compensation, guided by strategic planning and a clear commitment to fairness — ensuring that the Bank's people felt recognised for how they contributed to EDB's broader mission.

Talent onboarding and integration

Starting a new role is about feeling welcomed, supported, and part of something bigger. At EDB, the Buddy Program plays a central role in creating that experience. Every new employee is paired with a more experienced colleague who acts as a guide, sounding board, and friendly face from day one.

Buddies offer practical support, cultural insight, and personal connection — helping new joiners navigate their first weeks and feel part of the team from the very start. More than a welcome, the programme fosters a culture of cooperation, knowledge-sharing, and inclusion — ensuring that every employee, regardless of where they come from or what role they take on, feels seen, supported, and set up to succeed.

Looking ahead

As EDB looks to 2025, the focus for the HR team is to build the workforce that will power the Bank's next phase of strategic growth. Attracting and retaining the right talent — with the right skills and mindset — will remain a top priority, ensuring the organisation is equipped to deliver on its national mission. Alongside this, the department will introduce formal succession planning across all divisions, creating clear pathways for leadership development and long-term career progression.

Engagement champions

EDB's Engagement Champions will take on an even more active role in shaping the Bank's culture from the inside out. HR will work closely with this dynamic group of representatives to broaden their reach, support the creation of cross-functional communities, and plan more locally relevant events across teams and regions.

70-20-10 training

The 70-20-10 model remains a cornerstone of EDB's learning and development philosophy, combining structured learning with real-world experience and meaningful mentorship to drive professional growth. This approach will be further strengthened with tailored development plans that help employees set clear personal growth goals and track their progress over time.

Automation

The HR team will continue to leverage the Bank's expanding digital infrastructure to make everyday processes faster, smarter, and more intuitive for employees. From fully automating the induction process to developing personalised training plans, the goal is to simplify the employee experience while increasing access to meaningful development tools. The team will also explore emerging technologies to enhance performance management, recognition, and engagement.

Total Rewards

EDB's Total Rewards strategy will continue to evolve, with a focus on boosting employee satisfaction, ensuring fairness, and aligning recognition with performance and purpose. The HR team will prioritise the timely distribution of incentives and year-end compensation, while conducting regular salary and promotion reviews to support transparency, equity, and career progression.

As the performance cycle closes and budgets are set for the year ahead, HR will ensure that all reward practices continue to support both individual growth and organisational success.

The HR team will continue to implement these initiatives, along with wellness programs focused on mental health and work-life balance, as they play a key role in shaping the future of the talented team at the Bank, while also supporting its growth and long-term objectives for the year ahead.

Governance

Board of Directors

Under the patronage of His Highness Sheikh Mansour bin Zayed Al Nahyan, Vice President and Deputy Prime Minister and Minister of Presidential Affairs of the UAE, and the guidance of the Ministry of Finance (MoF), Emirates Development Bank is overseen by experienced individuals who constitute its board and are supported by a proficient, highly motivated, and professional management team, which manages the day-to-day activities of the Bank, the Board Audit, Risk and Compliance Committee.

HE Dr Sultan Ahmed Al Jaber
Chairman

Cabinet Member and Minister of Industry and Advanced Technology

HE Alia Bint Abdulla Al Mazrouei
Vice Chairman

Minister of State for Entrepreneurship

HE Younis Haji Alkhoori
Board Member

Under Secretary – Ministry of Finance

HE Abdulwahed Mohamed Alfahim
Board Member

Chairman of Nasdaq Dubai

HE Mohammed Saif Alsuwaidi
Board Member

Director General of Abu Dhabi Fund for Development

HE Khalfan Jumaa Belhoul
Board Member

CEO of Dubai Future Foundation

HE Mariam Saeed Ghobash
Board Member

Independent

HE Ahmed Tamim Al Kuttab
Board Member

Chairman of Department of Government Support

HE Najla Ahmed Almidfa
Board Member

Vice Chairperson of Sharjah Entrepreneurship Center (Sheraa)

HE Ali Abdulla Alsaadi
Board Member

Transformation & Corporate Excellence Manager at the Department of Finance – Abu Dhabi

Board Committees

The Board of Directors structured EDB's Board Committees in accordance with Decision No. (40) 2024 of the Council of Ministers on the governance of entities owned by the Federal Government of the UAE to enable committee members to carry out their supervisory responsibilities in the most efficient manner.

The Board Development and Improvement Committee (BDIC)

The role of the Board Development and Improvement Committee (BDIC) is to assist the Board in fulfilling its oversight responsibilities relating to the medium- and long-term strategic direction and development of EDB. The Committee reviews the approved strategy and business plan of the Bank and continuously monitors its achievements. It identifies obstacles to implementation and makes tactical recommendations to the Board of Directors. The Committee also outlines the Bank's asset allocation strategy, investment strategy and governance and regulatory affairs. It conducts regular strategy reviews, providing advice and strategic guidance if required.

Committee Members:

- HE Khalfan Jumaa Belhoul (Committee Chairman)
- HE Ahmed Al Kuttab
- HE Mariam Saeed Ghobash
- HE Najla Ahmed Al Midfa

Board Audit, Risk and Compliance Committee (BARCC)

The Board Audit Risk and Compliance Committee (BARCC) assists the Board in fulfilling its responsibilities relating to internal control, internal and external audit risk management, financial statements and compliance. The Committee oversees the quality and integrity of the accounting, auditing, internal controls and financial reporting practices of the Bank. It sets forth compliance guidelines, Anti- Money Laundering policies and Combating Financing of Terrorism policies, as well as criteria and control mechanisms for all activities involving bank-wide related risks. The Committee also ensures that the financial statements and reports comply with applicable rules for federal institutions and banks in the UAE.

Committee Members:

- HE Younis Haji Alkhoori (Committee Chair)
- HE Abdelwahed Mohamed Alfahim
- Mariam Saeed Ghobash
- Amer Kazim (BARCC Advisor)

Board Human Resources Committee (BHRC)

The main responsibilities of the Human Resources Committee (BHRC) are remuneration, performance evaluation, and recruitment, organisational structure and HR policies. It nominates candidates for the Bank's leadership functions, defines performance indicators for the executive management and supervises the evaluation of staff performance.

The Committee also decides on remuneration policies, as well as associated benefits and incentives and on the compensations of the Bank's executive management. The BHRC receives an annual report on the performance of the CEO's direct reports, reviewing their contribution to the Bank's strategy implementation as well as their compliance with values and ethics.

Committee Members:

- HE Mariam Saeed Ghobash (Committee Chair)
- HE Khalfan Jumaa Belhoul
- HE Ahmed Al Kuttab
- HE Ali Abdulla Alsaadi

Board Credit and Investment Committee (BCIC)

The Board Credit and Investment Committee (BCIC) oversees EDB's credit and investment activities.It reviews proposed credit and investment strategies, policies and execution plans and monitors the Bank's credit and investment overall performance. It also approves credit and investment proposals within the authorities delegated to the committee by the Board of Directors. The Committee has close oversight over non-performing assets and ensures adequate provisioning and follow-up of all non-performing assets.

Committee Members:

- HE Abdulwahed Mohamed Alfahim (Committee Chairman)
- HE Najla Ahmed Almidfa
- HE Mohamed Saif Alsuwaidi
- HE Ali Abdulla Alsaadi

Executive Management

HE Ahmed Mohamed Al Naqbi
Chief Executive Officer

Shaker Zainal
Chief Business Officer

Dr Abeer Al Sumaiti
Chief Human Resources Officer

Tanu Goel
Chief Internal Audit

Richard Muller
Chief Transformation Officer

David Andrew Trafford
Chief Financial Officer

Ahmed Abdulla
Chief Risk Officer

Mariam Saif Al Nuaimi
Head of Home Finance

Executive Management Committees

Management Committee (MANCOM)

MANCOM is accountable for overall activities of EDB. Its wide range of responsibilities allows the Committee to play a critical role in decision making across all key functions. MANCOM advises the Board on the strategic direction and planning, subsequently overseeing the implementation and reporting on progress. It also ensures that all activities are aligned with the Bank's vision and mission, while supporting its values and ethics. MANCOM has financial oversight of the Bank aiming to ensure effective financial performance and management of its financial resources.

Management Risk and Compliance Committee (MRCC)

MRCC oversees the Bank's risk management as well as its operations control and compliance activities. It reviews proposed priorities and actions and monitors the Bank's risk management framework, risk appetite statement and risk profile. MRCC reviews all operational risk matters including incident management, risk and control self-assessment and business continuity management. It also reviews the compliance disclosures and special reporting of any irregular matters. MRCC is also responsible for reviewing and recommending to the BARCC all matters relating to risk and compliance issues.

Management Credit and Investment Committee (MCIC)

MCIC oversees the Bank's credit and investment management activities. It reviews proposed priorities and actions and monitors the elements related to credit exposure at management level. MCIC reviews all credit applications and investment proposals. It also reviews and recommends changes to all credit related policies, procedures and systems as deemed necessary. MCIC is also responsible for reviewing and recommending to the BCIC / Board credit and investment proposals in line with the Delegation of Authority.

Asset and Liability Committee (ALCO)

ALCO is responsible for monitoring compliance with the Bank's asset/liability framework and monitoring the Bank's exposure to market risk. It continuously reviews macro-economic and microeconomic information and implements effective processes for interest rate risk, liquidity risk and market risk management, adopting relevant policies and risk limits where required. ALCO also ensures compliance with treasury limits and ratios approved by the Board of Directors, the Central Bank or senior management. The Committee recommends corrective actions to the Board Credit and Investment Committee (BCIC) overseeing asset/ liability management.


28.May
1Jun

Consolidated Financial Statements

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF EMIRATES DEVELOPMENT BANK PJSC

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Emirates Development Bank PJSC (the "Bank") and its subsidiaries ("the Group") which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Estimation uncertainty with respect to impairment allowance for financing assets measured at amortised cost	
The Group's financing assets are carried in the statement of financial position at AED 5.2 billion as at 31 December 2024 *(2023: AED 7.4 billion)*. The expected credit loss (ECL) allowance was AED 362.9 million *(2023: AED 325.1 million)* as at this date, which comprised an allowance of AED 103.4 million *(2023: AED 77.5 million)* against Stage 1 and 2 exposures and an allowance of AED 259.6 million *(2023: AED 247.7 million)* against exposures classified under Stage 3. The audit of the impairment of credit facilities and financing assets is a key area of focus because of its size (representing 32.6% of total assets) and due to the significance of the estimates and judgments used in classifying credit facilities and financing assets into various stages, determining related allowance requirements and the complexity of the judgements, assumptions and estimates used in the ECL models. Refer to Note 3.3.7 to the consolidated financial statements for the accounting policy, Note 4 for critical judgements and estimates used by management and Note 5.2 for disclosures about credit risk. The Group recognizes allowances for ECLs at an amount equal to 12-month ECL (Stage 1) or full lifetime ECL (Stage 2). A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's effective interest rate. The Group employs statistical models for ECL calculations and the key variables used in these calculations are probability of default (PD), loss given default (LGD); and exposure at default (EAD), which are defined in Note 5.2 to the consolidated financial statements.	We performed the following audit procedures on the computation and reasonableness/ appropriateness of the ECL included in the Group's consolidated financial statements for the year ended 31 December 2024: We obtained an understanding of the financing assets origination process, credit risk management process and the estimation process of determining impairment allowances financing assets. We assessed the design and implementation of the relevant controls and tested the operating effectiveness of relevant controls within these processes. On a sample basis, we selected individually assessed loans and assessed the information for evaluating credit-worthiness and the staging classification. We challenged the assumptions underlying the ECL allowance calculations, such as credit risk mitigation through discounted future cash flows including collateral and estimates of recovery. We also assessed the consistency of the Group's application of the requirements of IFRS Accounting Standards relating to this matter. For loans tested collectively, we evaluated controls over the modelling process, including model inputs, monitoring, and approval. With the involvement of our credit risk and modelling specialists, we assessed the reasonableness and appropriateness of the methodology and assumption used in calculation of various components of ECL modelling including the computation of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) for the models selected for testing. For a sample of customers, we tested the mathematical accuracy and computation of the expected credit losses by recalculating expected credit losses based on relevant source data. We evaluated key assumptions such as the criteria used to determine SICR, definition of default, staging criteria and forward looking macroeconomic information and the related weighting.

Key Audit Matters continued

Key audit matter	How our audit addressed the key audit matter
Estimation uncertainty with respect to impairment allowance for financing assets measured at amortised cost continued	
The material portion of the corporate and SME, government entities and financial institutions portfolio of financing assets measured at amortised cost is assessed individually for the SICR and measurement of ECL. There is the risk that management does not capture all qualitative and quantitative reasonable and supportable forward-looking information while assessing SICR, or while assessing credit-impaired criteria for the exposure. Management bias may also be involved in manual staging override in accordance with the Group's policies. There is also the risk that judgements, assumptions, estimates, proxies and practical expedients implemented previously, are not consistently applied throughout the current reporting period or there are any unjustified movements in management overlays. The measurement of ECL amounts for the exposures classified as Stage 1 and Stage 2 are carried out by the models with limited manual intervention. It is important that models (PD, LGD, EAD and macroeconomic adjustments) are valid throughout the reporting period and went through a validation process. For further information on the accounting policies relating to impairment of financing assets measured at amortised cost as well as the Group's management of credit risk, refer to Note 5.2 to the consolidated financial statements.	On a sample basis, we assessed the application of the staging criteria, including the basis for movement between stages. With the support of our credit risk and modelling specialists, we evaluated the post model adjustments and management overlays and challenged their rationale. For a sample of exposures, we evaluated the staging overrides during the process of determining the ECL allowance. With the support of our IT specialist, we tested the IT application used in the credit impairment process and verified the integrity of data used as input to the impairment models. We assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards.

Key Audit Matters continued

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

Other Information

The Board of Directors and management are responsible for the other information. The other information comprises the annual report of the Group but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (7) of 2011, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF EMIRATES DEVELOPMENT BANK PJSC continued

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Deloitte & Touche (M.E.)

Obada AlKowatly
Registration Number 1056
25 March 2025
Abu Dhabi
United Arab Emirates

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2024

	Notes	2024 AED'000	2023 AED'000
Assets			
Cash and balances with the UAE Central Bank	27	**1,278,065**	1,222,143
Balances and deposits with banks	6	**5,403,168**	6,083,977
Loans and advances to customers	7	**5,074,974**	5,763,291
Islamic finance	8	**117,185**	1,661,324
Investment securities	9	**3,259,244**	1,698,267
Derivative financial instruments	31	**11,699**	37,820
Investment properties	10	**503,702**	480,027
Property and equipment	12	**48,650**	45,902
Other assets	11	**210,592**	152,977
Total assets		**15,907,279**	17,145,728
Liabilities			
Derivative financial instruments	31	**90,587**	37,820
Deposits and funds	13	**3,096,916**	5,340,409
Term borrowings	14	**5,474,723**	5,507,480
Other liabilities	15	**866,081**	265,216
Total liabilities		**9,528,307**	11,150,925
Equity			
Paid up capital	16	**4,708,390**	4,658,390
Special reserve	17	**649,907**	621,894
Retained earnings		**905,846**	649,769
Investment revaluation reserve		**96,974**	46,895
Revaluation surplus		**17,855**	17,855
Total equity		**6,378,972**	5,994,803
Total liabilities and equity		**15,907,279**	17,145,728

HE Dr Sultan Ahmed Al Jaber
Chairman

Ahmed Mohamed Al Naqbi
Chief Executive Officer

David Trafford
Chief Financial Officer

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2024

	Notes	2024 AED'000	2023 AED'000
Income			
Interest income	19	**827,105**	698,399
Interest expense	20	**(379,659)**	(318,621)
Net interest income		**447,446**	379,778
Profit from Islamic finance		**57,781**	117,718
Net interest and profit income		**505,227**	497,496
Investment income	21	**27,722**	16,299
Fees and commission income – net	22	**45,341**	35,712
Other income	23	**24,632**	36,416
Total operating income		**602,922**	585,923
Expenses			
Salaries and employee benefits		**(164,849)**	(125,099)
Operating and administrative expenses	24	**(99,441)**	(79,520)
Impairment charge	25	**(58,566)**	(53,678)
Profit before fair value changes on investment properties and financial assets at fair value through profit or loss ("FVTPL")		**280,066**	327,626
Net fair value change on investment properties and financial assets at FVTPL	9, 10	**26,854**	995
Profit before tax for the year		**306,920**	328,621
Income tax	32	**(26,787)**	-
Profit after tax for the year		**280,133**	328,621

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2024

	Notes	2024 AED'000	2023 AED'000
Profit after tax for the year		**280,133**	328,621
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Fair value gain on investments instruments designated at fair value through other comprehensive income ("FVTOCI") – net of tax	9	**54,036**	10,017
Total other comprehensive income for the year		**334,169**	338,638

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024

	Paid up capital AED'000	Special reserve AED'000	Retained earnings AED'000	Investment revaluation reserve AED'000	Revaluation surplus AED'000	Total equity AED'000
Balance at 1 January 2023	4,608,390	589,032	350,523	40,365	17,855	5,606,165
Increase in paid up capital	50,000	-	-	-	-	50,000
Transfer to special reserve	-	32,862	(32,862)	-	-	-
Profit for the year	-	-	328,621	-	-	328,621
Fair value gain on investments in equity instruments designated at FVTOCI	-	-	-	10,017	-	10,017
Total other comprehensive income for the year	-	-	328,621	10,017	-	338,638
Fair value gain transferred within equity upon disposal of investments in equity instruments designated at FVTOCI	-	-	3,487	(3,487)	-	-
Balance at 31 December 2023	**4,658,390**	**621,894**	**649,769**	**46,895**	**17,855**	**5,994,803**
Increase in paid up capital	50,000	-	-	-	-	50,000
Transfer to special reserve	-	28,013	(28,013)	-	-	-
Profit for the year	-	-	280,133	-	-	280,133
Fair value gain on investments in equity instruments designated at FVTOCI (net of tax)	-	-	-	54,036	-	54,036
Total comprehensive income for the year	-	-	280,133	54,036	-	334,169
Fair value gain transferred within equity upon disposal of investments in equity instruments designated at FVTOCI	-	-	3,957	(3,957)	-	-
Balance at 31 December 2024	**4,708,390**	**649,907**	**905,846**	**96,974**	**17,855**	**6,378,972**

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2024

	Notes	2024 AED'000	2023 AED'000
Cash flows from operating activities			
Profit for the year before tax		**306,920**	328,621
Adjustments for:			
Depreciation and amortisation	12	**12,463**	10,725
Fair value changes on financial assets at FVTPL	9	**(4,701)**	(573)
Fair value changes on investment properties	10	**(22,153)**	464
Dividend income	21	**(23,255)**	(12,858)
Amortisation of premium on investment securities	9	**(2,361)**	(3,125)
Amortisation of issuance cost – term borrowing		**881**	1,552
Provision for employees' end of service benefits		**4,809**	3,688
Provision for impairment on financial assets	25	**58,566**	53,678
Gain on sale of assets held for sale		**-**	(25,808)
Operating cash flow before changes in working capital		**331,169**	356,364
Working capital changes:			
Deposits with banks maturing after three months		**1,518,863**	(4,274,085)
Loans and advances to customers		**620,962**	(840,520)
Islamic finance		**1,563,378**	153,028
Other assets		**(65,212)**	(86,783)
Due to banks		**-**	(25,000)
Deposits and funds		**(2,243,493)**	2,948,512
Other liabilities		**563,989**	61,401
Cash generated from / (used in) operating activities		**2,289,656**	(1,707,083)
Employees' end of service benefits recovered/(paid)		**463**	(2,762)
Net cash generated from / (used in) operating activities		**2,290,119**	(1,709,845)
Cash flows from investing activities			
Purchase of property and equipment	12	**(14,989)**	(4,790)
Proceeds from sale of assets held for sale	30	**-**	37,216
Investment properties additions	10	**(1,522)**	(2,138)
Dividend received		**25,275**	10,838
Investment securities purchased	9	**(1,795,448)**	(122,635)
Investment securities sold	9	**299,468**	148,899
Net cash (used in) / generated from investing activities		**(1,487,216)**	67,390
Cash flows from financing activities			
Increase in paid up capital	16	**50,000**	50,000
Maturity of term borrowing	14	**(2,754,750)**	-
Proceed from refinancing	14	**2,800,000**	-
Repayment of lease liability		**(4,313)**	(3,729)
Net cash generated from financing activities		**90,937**	46,271
Net increase / (decrease) in cash and cash equivalents		**893,840**	(1,596,184)
Cash and cash equivalents at 1 January		**1,757,617**	3,353,801
Cash and cash equivalents at 31 December (note 27)		**2,651,457**	1,757,617
Non-cash transactions:			
Recognition of right-of-use asset	12	**-**	4,685
Recognition of lease liability		**-**	4,685

The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

1 Legal status and principal activities

Emirates Development Bank ("EDB" or "the Bank"), was incorporated as a shareholding company, fully owned by the Federal Government of United Arab Emirates as per the decree issued by the President, Sheikh Khalifa bin Zayed Al Nahyan, Federal Law No. 7 (the "EDB Law") issued on 18 September 2011, by merging the operations and assets and liabilities of Emirates Industrial Bank ("EIB") and Real Estate Bank ("REB"), both existing Federal banks that were established under separate laws ("the merged banks"). The EDB Law became effective from 30 September 2011.

The main objectives of the Bank are to enable UAE's industrial development, accelerate the adoption of advanced technologies, empower the growth of SMEs in the UAE, encourage entrepreneurship and innovation and support UAE nationals in acquiring their homes.

The Bank together with its subsidiaries, Emirates Integrated Registries Company (EIRC) and Emirates Growth Fund Holding Limited (EGF), (together referred to as the "Group") is engaged in providing industrial loans, managing the integrated registries services, and facilitating access to equity financing for industrial SMEs, through a patient approach and in UAE.

EGF was incorporated on 05 April 2024 (a fully owned subsidiary of the Bank) in the jurisdiction of Abu Dhabi Global Market as a private company limited by shares as a special purpose vehicle to be incorporated under the applicable regulations and sub-ordinate rules of the Abu Dhabi Global Market.

The registered address of the Bank is P.O. Box 51515, Abu Dhabi, United Arab Emirates.

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 6 March 2025.

2 Basis of preparation

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) (IFRSs), as issued by the International Accounting Standards Board (IASB), and the applicable requirements of the Federal Decree Law No. 7 issued on 18 September 2011.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for the investment properties, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and derivative financial instruments which are carried at fair value.

2.3 Functional and presentation currency

These consolidated financial statements are prepared and presented in United Arab Emirates Dirham ("AED"), which is the Group's functional and presentation currency. Amounts have been rounded to nearest thousand except where otherwise indicated.

2.4 Use of estimates and judgments

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimate is revised and in any future periods affected. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2 Basis of preparation continued

2.5 Basis of consolidation

Subsidiaries are investees that are controlled by the Group. The Group controls the investee if it meets the control criteria. Control is achieved when the Group:

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

The Group reassesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the elements of control. This includes circumstances in which protective rights held become substantive and lead to the Group having power over an investee. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The consolidated financial statements comprise the financial statements of the Bank and its following subsidiaries:

Legal Name	Country of incorporation	Year of incorporation	Holding %
Emirates Integrated Registries Company - Sole Proprietorship L.L.C.	United Arab Emirates	2018	100%
Emirates Growth Fund Holding Limited	United Arab Emirates	2024	100%

3 Summary of material accounting policies

3.1 New and revised IFRSs that are effective for the current year

The following new and revised IFRSs that are mandatorily effective for accounting periods that begins on or after 1 January 2024 have also been adopted in these condensed consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

- Amendments to IFRS 16 Leases relating to Lease Liability in a Sale and Leaseback
- Amendments to IAS 1 Presentation of Financial Statements relating to Classification of Liabilities as Current or Non-Current
- Amendments to IAS 1 Presentation of Financial Statements relating to Non-current Liabilities with Covenants
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures relating to Supplier Finance Arrangements

Other than the above, there are no other significant IFRS Accounting Standards and amendments that were effective for the first time for the financial year beginning on or after 1 January 2024.

3 Summary of material accounting policies continued

3.2 Standards and Interpretations in issue but not yet effective and not early adopted

The Group has not early adopted any new and revised IFRSs that have been issued but are not yet effective.

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates relating to Lack of Exchangeability	1 January 2025
Amendments to the SASB (Sustainability Accounting Standards Board) standards to enhance their international applicability	1 January 2025
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures regarding the classification and measurement of financial instruments	1 January 2026
Annual improvements to IFRS Accounting Standards - Volume 11 The pronouncement comprises the following amendments: • IFRS 1: *Hedge accounting by a first-time adopter* • IFRS 7: *Gain or loss on derecognition* • IFRS 7: *Disclosure of deferred difference between fair value and transaction price* • IFRS 7: *Introduction and credit risk disclosures* • IFRS 9: *Lessee derecognition of lease liabilities* • IFRS 9: *Transaction price* • IFRS 10: *Determination of a "de facto agent"* • IAS 7: *Cost method*	1 January 2026
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
IFRS 18 Presentation and Disclosures in Financial Statements	1 January 2027
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011)	Effective date deferred indefinitely. Adoption is still permitted

Management anticipates that these IFRSs and amendments will be adopted in the consolidated financial statements in the initial period when they become mandatorily effective. Management assessed that adoption of these amendments will not have a significant impact on the Group's consolidated financial statements.

3.3 Financial Assets and Financial Liabilities

3.3.1 Recognition

The Group initially recognises loans and advances to customers, Islamic Finance, balances and deposits with banks and UAE Central Bank, investment securities, deposits and funds from governmental institutions, term borrowing and other financial assets and liabilities on the date at which they are originated. All other financial assets and liabilities are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for other receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

3 Summary of material accounting policies continued

3.3.2 Classification and Initial Measurement

Financial Assets

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

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

On initial recognition, a financial asset is classified as measured at: amortised cost, FVTOCI or FVTPL.

A debt instrument is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt instrument is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at FVTPL.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment- by-investment basis.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

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

3 Summary of material accounting policies continued

3.3.2 Classification and Initial Measurement continued

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers contingent events that would change the amount and timing of cash flows, prepayment and extension terms, terms that limit the Group's claim to cash flows from specified assets and features that modify consideration of the time value of money.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the initial amount recognised and the maturity amount, adjusted for any loss allowance.

Debt instruments measured at FVTOCI

For debt securities measured at FVTOCI, gains and losses are recognised in OCI, except for the following, which are recognised in the consolidated statement of profit or loss in the same manner as for financial assets measured at amortised cost:

- Interest revenue using the effective interest method;
- Expected credit losses (ECL) and reversals; and
- Foreign exchange gains and losses.

When a debt security measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

3 Summary of material accounting policies continued

3.3.2 Classification and Initial Measurement continued

Equity instruments designated at FVTOCI

The Group elects to present in OCI changes in the fair value of certain investments in equity that are not held for trading. The election is made on an instrument by instrument basis on initial recognition and is irrevocable.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in OCI and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss, unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Islamic financing

Following terminologies in Islamic financing, classified under each of the financial instrument classification mentioned above, have been used in the preparation of these consolidated financial statements:

Estisnaa contracts represent financing for the construction of industrial civil works on a deferred payment basis. An Estisnaa contract is recognised when money is disbursed to the contractor for the construction of civil works for the borrower.

Other Estisnaa contracts are followed by Ijarah contract between the Bank and Emirates Real Estate Corporation, whereby Emirates Real Estate Corporation, based on an order from the Bank, undertakes to construct and subsequently lease the subject matter of the contract according to a specific price and method of payment.

Ijarah contracts are finance lease contracts. The Ijarah contract term constitutes the major part of the economic life of the asset, and the significant risks and rewards incidental to ownership, are substantially transferred to the lessee. Title may or may not eventually be transferred to the lessee.

Financial Liabilities

The Group has classified and measured its financial liabilities at amortised cost.

3 Summary of material accounting policies continued

3.3.3 Derecognition

Derecognition of financial assets

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.3.4 Modification of financial assets and liabilities

Financial Assets

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVTOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

3.3.4 Modification of financial assets and liabilities continued

Financial Liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

3.3.5 Offsetting

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

3.3.6 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market of the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability which the Group has access to as at that date. The fair value of a liability reflects its non-performance risk.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Further information on the carrying amounts of these assets and the sensitivity of those amounts to changes in unobservable inputs are provided in note 5.7.1.

3.3.7 Impairment

The Group recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- Financial assets that are debt instruments; and
- Loan commitments and financial guarantee contracts.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

No impairment loss is recognised on equity instruments.

3 Summary of material accounting policies continued

3.3.7 Impairment continued

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- Debt investment securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of ECL that result from default events on financial instruments that are possible with the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as "Stage 1".

Life-time ECL are the ECL that results from all possible default events over the expected life of the financial instruments. Financial instruments for which a life-time ECL is recognised but which are not credit-impaired are referred to as "Stage 2".

Impairment and ECL are used interchangeably throughout these consolidated financial statements.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- *Financial assets that are not credit-impaired at the reporting date:* as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- *Financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount and the present value of estimated future cash flows;
- *Undrawn loan commitments:* as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- *Financial guarantee contracts:* the expected payments to reimburse the holder less any amounts that the Group expects to recover.

For more details in relation to ECL measurement, please refer to note 5.2.6.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVTOCI are credit impaired. Credit-impaired financial assets are referred to as "Stage 3". A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

3 Summary of material accounting policies continued

3.3.7 Impairment continued

Credit-impaired financial assets continued

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for ECL are presented in the consolidated statement of financial position as follows:

- *financial assets measured at amortized cost:* as a deduction from the gross carrying amount of the assets;
- *loan commitments and financial guarantee contracts:* generally, as a provision; and
- *debt instruments measured at FVTOCI:* no loss allowance is recognized in the consolidated statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in the fair value reserve.

3.3.8 Write-off

Loans and debt securities shall be written off (either partially or in full) when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Recoveries of amounts previously written off are included in 'Impairment charge' in the consolidated statement of profit or loss.

3.4 Provision for staff 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. The provision for staff end of service benefits, a defined benefit scheme, is calculated as per the approved Group staff regulations.

A provision is made for the estimated liability for employees' entitlements to annual leave and leave passage as a result of services rendered by the employees up to the date of the consolidated statement of financial position. Provision is also made for the end of service benefits due to employees in accordance with the UAE Labour Law and the Group's policy and internal regulations for their periods of service up to the date of the consolidated statement of financial position.

An actuarial valuation has not been performed on employees' end of service benefits as the net impact of the discount rate and future salary and benefit levels on the present value of the benefits obligation are not likely to be significant.

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

3.5 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, balances with the UAE Central Bank, money in call accounts, placements and balances and deposits with banks with original maturities of less than three months.

3.6 Balances and deposits with banks

Balances and deposits with banks are financial assets which are mainly money market placements with fixed or determinable payments and fixed maturities that are not quoted in an active market. Money market placements are not entered into with the intention of immediate or short-term resale. Balances and deposits with banks are initially measured at cost, being the fair value of the consideration given. Following the initial recognition, these are stated at amortised cost less any allowance for impairment.

3 Summary of material accounting policies continued

3.7 Investment properties

Investment properties principally comprise of commercial lands and buildings held by the Group for long term rental yields or for capital appreciation or both. Such properties are measured initially at cost including all transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Changes in fair values are recorded in the consolidated statement of profit or loss in the period in which they arise. When the use of a property changes such that it is transferred from investment property, the property's deemed cost for subsequent accounting is its fair value at the date of change in use.

The fair values of investment properties are based on the highest and best use of the properties, which is their current use. The fair value of the Group's investment property has been arrived at on the basis of a valuation carried out at the end of reporting period by the independent valuers engaged by the Group. The valuation conforms to Royal Institution of Chartered Surveyors Valuation – Global Standards. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties and investment approach that is determined through the analysis of income flow and projected expenditures of the property.

Investment properties is derecognised upon disposal or when the investment properties is permanently withdrawn from use and no future economic benefits are expected from its disposal. The gains or losses arising from the retirement or disposal of investment properties, calculated as the difference between the net disposal proceeds and the carrying amount are included in the consolidated statement of profit or loss in the period in which the property is derecognised.

The Group shall transfer a property to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. If an owner-occupied property becomes an investment property that will be carried at fair value, the Bank shall apply IAS 16 for owned property up to the date of change in use. Any difference at that date between the carrying amount of the property in accordance with IAS 16 and its fair value shall be treated in the same way as a revaluation in accordance with IAS 16.

Investment properties under development

Investment properties under development that are being constructed or developed for future use as investment property, are measured initially at cost, including including all direct costs attributable to the design and construction of the property including related staff costs. Upon completion of construction or development, such properties are transferred to completed investment properties. Subsequent to initial recognition, investment property is measured at fair value. Gains and losses arising from changes in the fair value of investment property under development is included in the consolidated statement of profit or loss in the period in which they arise.

3.8 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the Group at the spot exchange rates at the date of the transactions

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of equity investments in respect of which an election has been made to present subsequent changes in fair value in OCI is recognised as part of consolidated statement of other comprehensive income.

3 Summary of material accounting policies continued

3.9 Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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

3.10 Assets held for sale

Assets held for sale comprise of properties whose carrying amount is to be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Such properties are initially measured and recognized at the lower of fair value less cost to sell and the carrying amount of the property. Any subsequent write-down of the acquired properties to fair value less cost to sell is recorded as an impairment loss and included in the consolidated statement of profit or loss. Any subsequent increase in the fair value less cost to sell, to the extent this does not exceed the cumulative impairment loss, is recognised in the consolidated statement of profit or loss.

3.11 Property and equipment

Property and equipment is stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is computed on straight-line basis so as to write down the cost of assets over its useful life. Lands granted from the Federal Government (shareholder) are not depreciated and are measured at nominal amount of AED 1.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. If significant parts of an item of property or equipment have different useful lives then they are accounted for as separate items (major components) of property and equipment. Any gain or loss on disposal of an item of property and equipment is recognised within other income in the consolidated statement of profit or loss.

Subsequent expenditure is capitalized only when it is probable that the future economic benefits of the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The Group annually reviews the useful life estimates for all major asset categories and revises these to align them with reassessed expected useful lives, if required.

Asset class	Estimated useful life
Buildings	40 years
Furniture, fixtures and motor vehicles	4 years
Computer hardware and software	4 to 5 years

3 Summary of material accounting policies continued

3.12 Impairment of non-financial assets

At the end of each reporting date, the Group reviews the carrying amounts of its assets in order to assess whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.13 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. 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. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

Group acting as a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

3 Summary of material accounting policies continued

3.13 Leases continued

Group acting as a lessee continued

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of- use asset has been reduced to zero.

The Group presents right-of-use assets in 'property and equipment' and lease liabilities in 'other liabilities' in the consolidated statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including leases of IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Group acting as a lessor

When the Group acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognising an allowance for ECL on the receivables.

3.14 Deposits and funds

Deposits and funds from Sheikh Zayed Housing Program, Mohammad Bin Rashid Innovation Fund and the Ministry of Finance vested with and managed by the Group are accounted for within the financial liabilities of the Group (note 13).

3 Summary of material accounting policies continued

3.15 Term borrowings

Term borrowings consist of debt securities and are the Group's sources of debt funding. The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Debt securities in issue are initially measured at fair value minus incremental direct transaction costs. Subsequently, they are measured at their amortised cost using the effective interest method.

3.16 Dividend distribution

Dividend distribution to the Bank's shareholder is recognised as a liability in the Group's consolidated financial statement in the period in which the dividends are approved by the shareholder.

3.17 Revenue and expense recognition

Interest income and expense

Interest income and expense for financial instruments are recognised in 'Net interest income' as 'Interest income' and 'Interest expense' in the consolidated statement of profit or loss using the effective interest method.

The interest income or expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)). For financial assets originated or purchased credit-impaired (POCI), the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

Profit from Islamic Finance

Profit on Islamic Finance are recognised on accrual basis and time-apportioned using the effective profit rate method.

Dividend income

Dividend income is recognised when the right to receive payment is established. This is the ex-dividend date for listed equity securities, and usually the date when shareholders approve the dividend for unlisted equity securities.

Fees and commission income and expense

Fee and commission income and expense include fees other than those that are an integral part of EIR. The fees included in this part of the Group's consolidated statement of profit or loss include among other things fees charged for providing a transaction service, non-utilisation fees relating to loan commitments when it is unlikely that these will result in a specific lending arrangement and others.

Fee and commission expenses with regards to services are accounted for as the services are received.

Rental income

Rent arising from leased properties is accounted for on a straight-line basis over the lease terms of ongoing leases and is presented as part of 'Other income' in consolidated statement of profit or loss.

Fair value gain / (loss) on investment properties and financial assets at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the consolidated statement of profit or loss to the extent they are not part of a designated hedging relationship.

Gains or losses arising from changes in the fair value of investment property are included in the consolidated statement of profit or loss in the period in which they arise.

3 Summary of material accounting policies continued

3.18 Financial guarantees and loan commitments

'Financial guarantees' are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. 'Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

Liabilities arising from financial guarantees or commitments to provide a loan at a below-market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. The liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable. Financial guarantees and commitments to provide a loan at a below- market interest rate are included within other liabilities.

3.19 Derivative financial instruments

Classification

The Group enters into derivative financial instruments such as interest rate cap and interest rate swap, obtained in capital markets. Derivative financial instruments, that do not qualify for hedge accounting are classified as "FVTPL – financial assets held for trading"

Initial and subsequent measurement

In the normal course of business, the fair value of a derivative on initial recognition is the transaction price. Subsequent to initial recognition, derivative financial instruments are stated at fair values. Fair values are generally obtained by reference to quoted market prices in active markets, or by using valuation techniques when an active market does not exist.

The positive mark to market values (unrealised gains) of derivative financial instruments is included in other assets. The negative mark to market values (unrealised losses) of derivative financial instruments is included in other liabilities.

Gains and losses on subsequent measurement

The gains or losses from derivative financial instruments classified as FVTPL are taken to the consolidated statement of profit or loss.

3.20 Income taxes

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively:

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

3 Summary of material accounting policies continued

3.20 Income taxes continued

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

3.21 Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of interest rate risk in fair value hedges. At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship by way of rebalancing the hedge on a case-by-case basis, so that it meets the qualifying criteria again.

3 Summary of material accounting policies *continued*

3.21 Hedge accounting *continued*

Fair value hedges

The fair value change on qualifying hedging instruments is recognised in consolidated statement of profit or loss. The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in consolidated statement of profit or loss.

Where hedging gains or losses are recognised in consolidated statement of profit or loss, they are recognised in the same line as the hedged item. The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable).

This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk at the date of discontinuation is amortised to condensed consolidated statement profit or loss as part of the recalculated effective interest rate over the period to maturity or derecognition. If the hedged item is sold or repaid, the unamortised fair value adjustment is recognised immediately in the consolidated statement profit or loss.

Hedge effectiveness testing

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The documentation of each hedging relationship sets out how the effectiveness of the hedge is assessed. The method the Group adopts for assessing hedge effectiveness depends on its risk management strategy.

The Group assesses economic relationship and effectiveness on its designated hedges by matching critical terms of hedged item and hedging instrument as part of its qualitative assessment.

The critical terms matching method replicates the hedge item and hence is not used for those hedge relationships where the hedging derivative includes features that are not present in the hedged item. In such cases, the hedge effectiveness assessment is performed using other quantitative methods and may result in ineffectiveness. Some of the sources of ineffectiveness include the following:

- mismatches between the contractual terms of the hedged item and hedging instrument, including basis differences;
- significant changes in credit risk of the hedging instruments;
- the effects of the forthcoming reforms of Interest rate benchmark because these might take effect at a different time and have a different impact on hedged items and hedging instruments.

The ineffectiveness arising from quantitative assessments is recognised in the consolidated statement or profit or loss.

4 Critical accounting estimates and judgments

The preparation of the consolidated financial statements in conformity with the IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of financial assets and liabilities and the disclosure of contingent liabilities. These judgments, estimates and assumptions also affect the revenue, expenses and provisions as well as fair value changes.

These judgments, estimates and assumptions may affect the reported amounts in subsequent financial years. Estimates and judgments are currently evaluated and are based on historical experience and other factors. In order to reduce the element of subjectivity, the Group has laid down clear criteria to enable estimation of future cash flows. As estimates are based on judgments, actual results may differ, resulting in future changes in such provisions.

Following are the estimates and judgements which are applicable:

Impairment charge on financial assets

a) Significant increase in credit risk

As explained in note 5.2.6, ECL are measured as an allowance equal to 12-month ECL for Stage 1 assets, or lifetime ECL for Stage 2 or Stage 3 assets. An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

b) Establishing groups of assets with similar credit risk characteristics

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

Classification and measurement of investment securities

The classification and measurement of the financial assets depends on the management's business model for managing its financial assets and on the contractual cash flow characteristics of the financial assets assessed. Management is satisfied that the Group's investment in securities are appropriately classified and measured. Financial assets that are measured at amortised cost are those assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest. Financial assets that are measured at FVTOCI are investments in equity instruments that are not held to benefit from changes in their fair value and are not held for trading. The management believes that designating these instruments as at FVTOCI provides a more meaningful presentation of its medium to long-term interest in its investments than holding the investments at fair value through profit and loss.

For more details on the valuation of investment securities, refer note 5.7.

Fair valuation of investment securities

Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using valuation techniques that include one or more significant market inputs that are unobservable. Valuation techniques that rely to a greater extent on unobservable inputs require a higher level of management judgement to calculate a fair value than those based wholly on observable inputs. Changes in assumptions about these factors could affect the reported fair value of the investment securities.

Valuation techniques used to calculate fair values are discussed in note 5.7.1.

4 Critical accounting estimates and judgments continued

Fair valuation of investment properties

The fair values of investment properties are based on the highest and best use of the properties, which is their current use. The fair valuation of the investment properties is carried out by independent valuers based on the comparable method of valuation, the investment valuation method and the residual valuation method, refer to note 10 for more details.

Discounting of lease payments

The lease payments are discounted using the Group's incremental borrowing rate. Management has applied judgments and estimates to determine the incremental borrowing rate at the commencement of lease by using its average cost of borrowing as a reference yield.

5 Risk management

5.1 Overview

The Group recognizes the importance of effective risk management in achieving its strategic goals and maintaining its stability and resilience. The Group'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 business, and the operational risks are an inevitable consequence of being in business.

The Risk Management function is responsible for identifying, analysing, measuring, and managing risk to ensure that it remains within its risk appetite; and generates sustainable risk-adjusted returns as mandated by the shareholders.

Below are the material risks the Group is exposed to:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

The risk management policies 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 management regularly reviews the risk management policies and systems to reflect changes in markets, products and emerging best practices.

Risk Management Framework

The Board of Directors (the "Board") through the Board Audit, Risk and Compliance Committee ("BARCC") and Board Credit & Investment Committee ("BCIC") has overall responsibility for establishment and oversight of the risk management and credit risk management framework respectively.

They are also assisted by various management committees including the Management Committee ("MANCOM"), Management Risk Committee ("MRC"), Management Credit & Investment Committee ("MCIC"), Management Assets and Liabilities Committee ("ALCO"), and Management Compliance Committee ("MCC") among others. These committees assist the Board in management of risk including review of all risk management policies.

While the Board carries ultimate responsibility for overall risk management, the MRC assists the Board/BARCC in discharging these responsibilities including identifying, analyzing, assessing, treating, monitoring and communicating the risks associated with all activities, functions and processes including recommending the overall Risk Appetite.

The MRC has overall responsibility for oversight of risk management framework and risk appetite. The MRC is also responsible for the approval of risk management policies and procedures and to ensure adherence to the approved policies and close monitoring of different risks within the Bank.

5 Risk management continued

5.1 Overview continued

Risk Management Framework continued

The Risk Management function is independent of business groups and is led by a Chief Risk Officer ("CRO") with responsibility for deploying an enterprise-wide risk management and oversight of all material risks. This function is primarily responsible for defining the framework for management of all material risks.

The Internal Audit function acts as the third line of defense function, independent from both the business units ("first line of defense") and risk management team ("second line of defense"). Internal Audit provides independent assurance to stakeholders and senior management on compliance with all risk policies and procedures and the effectiveness of the risk management processes.

Capital Management

The capital management approach is designed to ensure that regulatory requirements are met at all times and that the operating activities are capitalized in line with the risk appetite, target ratios and in accordance with regulatory requirements.

The capital management approach further aims to facilitate the allocation and use of capital, such that it generates a return that appropriately compensates shareholders for the risks incurred. Capital adequacy is actively managed and forms a key component of the budget and forecasting process. The capital plan is tested under a range of stress scenarios as part of the annual Internal Capital Adequacy Assessment Process ICAAP.

Risk Appetite & Stress Testing

The key to the long-term sustainable growth and profitability lies in ensuring that there is a strong link between its risk appetite and strategy.

The risk appetite framework has both quantitative and qualitative measures and is approved by the Board. These measures are integral to risk-based performance monitoring and align with the Bank's strategic objectives. The risk appetite is disseminated down to business groups in alignment with business strategies for these groups.

Stress testing is a key management tool used to evaluate the sensitivity of current and forward risk profiles to shocks of varying nature and severity. Stress testing is governed by the stress testing policy which sets out the approaches for stress testing and associated roles and responsibilities. The primary governance committee overseeing risk appetite and stress testing is the MRC.

Internal Capital Adequacy Assessment Process (ICAAP)

The purpose of the ICAAP is to inform the Board of the ongoing assessment of the Bank's risks, how the Bank intends to mitigate those risks and how much current and future capital is necessary having considered other mitigating factors.

This entails the computation of the Bank's aggregated Capital and the monitoring of the capital adequacy under a variety of stressed scenarios to assess and report the impact upon the capital buffer (measured as available capital less required risk capital) and recommending actions.

Risks that are explicitly assessed through ICAAP are credit risk, market risk, operational risk, concentration risk, liquidity risk, strategy risk, reputational risk and interest rate risk in the banking book, among others. Preserving the capital position remains a priority from both a regulatory and management viewpoint.

5 Risk management *continued*

5.2 Credit risk

Credit risk is the risk of suffering financial loss as a result of any of the customers failing or unwilling to fulfil their contractual obligations. Credit risk arises mainly from loan and advances, loan commitments arising from such lending activities, trade finance and treasury activities but can also arise from financial guarantees, letter of credit, endorsements and acceptances. The Bank is also exposed to other credit risks arising from investments in debts instruments, derivatives as well as settlement balances with market counterparties.

As credit risk is the most important risk faced by the Bank, considerable resources, expertise and controls are devoted to managing this risk. Credit risk management and controls are centralized under the credit risk function with regular governance and monitoring exercised by the Management Credit & Investment Committee (MCIC) and oversight by Board Credit & Investment Committee ("BCIC").

Specifically, BCIC reviews and approves credit proposals that are beyond lending authorities delegated to management by the Board of Directors. In addition, BARCC and BCIC monitors key elements of the Bank's credit risk profile relative to the Bank's risk appetite. The Board Committees are supported by MRC and BCIC through detailed review and monitoring of credit portfolio, including exposure concentrations.

Credit risk function is responsible for the formulation of credit policies and processes in line with growth, risk management and strategic objectives. The credit policy provides the development of a systematic and consistent approach to identifying and managing borrower and counter party risks.

Credit Exposures

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Bank measures credit risk using the concept of Expected Loss which requires the following measures:

- Probability of Default (PD)
- Loss Given Default (LGD)
- Exposure at Default (EAD)

As per IFRS 9, Expected Credit Loss (ECL) is based on macro adjusted PD, LGD & EAD measures. Additionally, it also captures deterioration and lifetime likelihood of defaults. PD, LGD and EAD models are developed through external consultants and are revised/ reviewed and validated on regular basis.

Obligor Risk Rating (ORR)

The Bank uses specific obligor risk rating (ORR) models tailored to various industry segments/counterparty. ORR is arrived using quantitative/ financial and qualitative/ non-financial factors that are indicative of risk of default. Exposures are subject to on-going monitoring, which may result in an exposure being moved to a different credit risk grade. The ORR grades are calibrated such that risk of default increases exponentially at each higher risk grade.

5 Risk management continued

5.2 Credit risk continued

Credit Risk Management Framework

The credit risk management framework includes:

- Formulating credit policies in consultation with business units, covering credit assessment, risk grading and reporting, collateral requirements, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing credit delegation structure for the approval and renewal of credit facilities. Credit limits are allocated to credit functions and credit committees at the management and board levels.
- Reviewing and assessing all credit exposures prior to facilities being committed to customers. Renewals and reviews of facilities are subject to the same review process.
- Developing and maintaining the obligors risk rating system in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks.
- Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances), and by issuer, ORR band, market liquidity and country (for investments).
- Reviewing compliance, on an ongoing basis, with agreed exposure limits relating to counterparties, industries and countries and reviewing limits in accordance with risk management strategy and market trends.

In addition, the Bank manages the credit exposure by obtaining collateral where appropriate and limiting the duration of exposure.

5.2.1 Collateral and other credit enhancements

Collateral risk

The Group obtains collateral and other credit enhancements in ordinary course of business from counterparties. Collateral is used to mitigate credit risk, as the secondary source of repayment in case the counterparty cannot meet its contractual repayment obligations. Credit policy and procedures set out the acceptable types of collateral, as well as a process by which additional instruments and/or asset types can be considered for approval.

On an overall basis, during the year there was no material deterioration in the quality of collateral held by the Group. In addition, there were no changes in collateral policies of the Group.

As at 31 December 2024, the Group held credit risk mitigants with an estimated value of AED 87,567 thousand (2023: AED 80,270 thousand) against watch list and credit impaired receivables from Loans and advances to customers, Islamic Finance and investments in the form of real estate collateral, other securities over assets, cash deposits and guarantees. The Group accepts sovereign guarantees and guarantees from well-reputed local or international banks, well-established local or multinational large corporate and high net-worth private individuals. Collateral generally is not held against placements with banks and other financial institutions, and no such collateral was held at 31 December 2024 or 31 December 2023.

The table below stratifies gross credit exposures from mortgage loans and advances (including Islamic facilities) to retail customers by ranges of loan-to-value (LTV) ratio.

	2024 AED'000	2023 AED'000
LTV ratio		
Less than 50%	**3,176**	16,012
51 - 70%	**3,354**	41,287
71 - 90%	**27,190**	393,542
91 - 100%	**243,274**	2,721,488
At 31 December	**276,994**	3,172,329

5 Risk management continued

5.2 Credit risk continued

5.2.2 Maximum exposure to credit risk before collateral held or other credit enhancements

The gross exposure to credit risk for on balance sheet items is their carrying value. For financial guarantees recorded off balance sheet, the gross exposure to credit risk is the maximum amount that the Group would have to pay if the guarantees were to be called upon.

	2024 AED'000	2023 AED'000
Cash and balances with the UAE Central Bank	**1,278,065**	1,222,143
Balances and deposits with banks	**5,403,614**	6,084,559
Loans and advances	**5,407,695**	6,038,941
Islamic finance	**147,444**	1,710,822
Investment securities - debt securities	**2,922,053**	1,414,615
Derivative financial instruments	**11,699**	37,820
Other assets - interest receivable	**174,861**	136,301
At 31 December	**15,345,431**	16,645,201
Off-balance sheet – credit guarantees and letter of credits	**579,206**	264,632

The above table represents the maximum exposure of credit risk for amortised cost financial instruments and off-balance sheet financial instruments as at 31 December 2024 and 31 December 2023, without taking into account any collateral held or other credit enhancements attached.

5.2.3 Concentration of credit risk

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

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

An analysis of concentration of credit risk at the reporting date by sectors is shown below.

	Public Sector AED'000	Financial Sector AED'000	Private / retail Sector AED'000	Total AED'000
31 December 2024				
Cash and balances with UAE Central Bank	1,278,065	-	-	1,278,065
Balances and deposits with banks	-	5,403,168	-	5,403,168
Loans and advances to customers	2,224,509	-	2,850,465	5,074,974
Islamic finance	-	-	117,185	117,185
Investment securities - debt instruments	2,513,983	325,642	79,306	2,918,931
Derivative financial instruments	-	-	11,699	11,699
Other assets - interest receivable	13,732	108,841	52,288	174,861
	6,030,310	5,837,630	3,110,943	14,978,883

5 Risk management continued

5.2 Credit risk continued

5.2.3 Concentration of credit risk continued

	Public Sector AED'000	Financial Sector AED'000	Private / retail Sector AED'000	Total AED'000
31 December 2024				
Cash and balances with UAE Central Bank	1,222,143	-	-	1,222,143
Balances and deposits with banks	-	6,083,977	-	6,083,977
Loans and advances to customers	2,940,070	6,749	2,816,472	5,763,291
Islamic finance	-	-	1,661,324	1,661,324
Investment securities - debt instruments	823,296	510,042	79,299	1,412,637
Derivative financial instruments	-	-	37,820	37,820
Other assets - interest receivable	8,539	98,760	29,002	136,301
	4,994,048	6,699,528	4,623,917	16,317,493

The Group monitors concentrations of credit risk by sector and by geographic location. An analysis of concentration of credit risk at the reporting date by geographical location is shown below.

	UAE AED'000	**GCC AED'000**	**Total AED'000**
31 December 2024			
Cash and balances with the UAE Central bank	**1,278,065**	**-**	**1,278,065**
Balances and deposits with banks	**3,737,759**	**1,665,409**	**5,403,168**
Loans and advances to customers	**5,074,974**	**-**	**5,074,974**
Islamic finance	**117,185**	**-**	**117,185**
Investment securities - debt instruments	**2,319,469**	**599,462**	**2,918,931**
Derivative financial instruments	**11,699**	**-**	**11,699**
Other assets - interest receivable	**168,709**	**6,152**	**174,861**
	12,707,860	**2,271,023**	**14,978,883**

	UAE AED'000	GCC AED'000	Total AED'000
31 December 2023			
Cash and balances with the UAE Central bank	1,222,143	-	1,222,143
Balances and deposits with banks	6,083,977	-	6,083,977
Loans and advances to customers	5,758,705	4,586	5,763,291
Islamic finance	1,661,324	-	1,661,324
Investment securities - debt instruments	969,698	442,939	1,412,637
Derivative financial instruments	37,820	-	37,820
Other assets - interest receivable	133,047	3,254	136,301
	15,866,714	450,779	16,317,493

5 Risk management continued

5.2 Credit risk continued

5.2.4 Credit quality

The Group has management committees to oversee the risk management process. The Board Audit, Risk and Compliance Committee and Board Credit & Investment Committee, under delegation from the Board of Directors defines policies, processes, and systems to manage and monitor credit, market and operational risks.

The Group maintains a obligor risk rating system in order to categorize exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The system is used in determining where impairment provisions may be required against specific credit exposures.

Balances and deposits with banks

As at 31 December 2024, the Group's money market placements and balances in current and call accounts with banks, with gross amounts amounting to AED 5,404 thousand (2023: AED 6,085 thousand) are deposited only in banks that are directly, or comparably with the peer institutions, rated as investment grade (i.e. ranges from 'BBB+' to 'A') by a global external rating agency. Accordingly, placements in these banks are considered to be low credit risk investments and are classified as Stage 1. These are carried at amortised cost less allowance for impairment.

Loans and advances to customers and Islamic finance

The following table sets out information about loans and advances to customers and Islamic finance. These are carried at amortised cost.

	2024			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Current	**5,046,455**	**-**	**-**	**5,046,455**
Watch list	**-**	**215,247**	**-**	**215,247**
Doubtful	**-**	**-**	**55,280**	**55,280**
Loss	**-**	**-**	**238,157**	**238,157**
	5,046,455	**215,247**	**293,437**	**5,555,139**
Less: Allowance for impairment	**(76,900)**	**(26,459)**	**(259,621)**	**(362,980)**
Carrying amount	**4,969,555**	**188,788**	**33,816**	**5,192,159**

	2023			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Current	7,242,384	-	-	7,242,384
Watch list	-	195,650	-	195,650
Doubtful	-	-	105,342	105,342
Loss	-	-	206,387	206,387
	7,242,384	195,650	311,729	7,749,763
Less: Allowance for impairment	(40,319)	(37,147)	(247,682)	(325,148)
Carrying amount	7,202,065	158,503	64,047	7,424,615

5 Risk management continued

5.2 Credit risk continued

5.2.4 Credit quality continued

Loans and advances to customers and Islamic finance continued

Following table sets out information about the movement in gross exposures by stages of loans and advances to customers, Islamic finance.

	2024			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Balance as at 1 January	7,242,383	195,650	311,729	7,749,763
Transfer to Stage 1	21,471	(19,979)	(1,492)	-
Transfer to Stage 2	(138,143)	149,693	(11,550)	-
Transfer to Stage 3	(11,763)	(25,627)	37,390	-
New financial assets originated	1,990,800	24,872	745	2,016,417
De-recognition of financial assets	(3,503,979)	(106,498)	(18,571)	(3,629,048)
Write off	-	-	(10,284)	(10,284)
Other movements within the same stage	(554,314)	(2,865)	(14,530)	(571,709)
Balance as at 31 December	5,046,455	215,246	293,437	5,555,139

	2023			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Balance as at 1 January	6,657,751	145,774	258,846	7,062,371
Transfer to Stage 1	64,217	(64,217)	-	-
Transfer to Stage 2	(137,597)	141,221	(3,624)	-
Transfer to Stage 3	(30,533)	(28,867)	59,400	-
New financial assets originated	2,286,124	20,057	5,565	2,311,746
De-recognition of financial assets	(874,825)	(12,987)	(747)	(888,559)
Other movements within the same stage	(722,753)	(5,331)	(7,711)	(735,795)
Balance as at 31 December	7,242,384	195,650	311,729	7,749,763

5 Risk management continued

5.2 Credit risk continued

5.2.4 Credit quality continued

Investment securities

The following table sets out information about debt investment securities which are carried at amortised cost:

	2024			
	Stage 1 AED'000	**Stage 2 AED'000**	**Stage 3 AED'000**	**Total AED'000**
Low risk	**2,742,687**	**-**	**-**	**2,742,687**
Less: Allowance for impairment	**(3,122)**	**-**	**-**	**(3,122)**
Carrying amount	**2,739,565**	**-**	**-**	**2,739,565**

	2023			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Low risk	1,276,372	-	-	1,276,372
Less: Allowance for impairment	(1,978)	-	-	(1,978)
Carrying amount	1,274,394	-	-	1,274,394

During the year, no transfers to other stages occurred in the gross exposures of debt securities carried at amortised cost. Movement within the same stage (Stage 1) is disclosed in note 9.

Contingent liabilities

The following table sets out information about financial guarantees and letter of credits issued by bank:

	2024			
	Stage 1 AED'000	**Stage 2 AED'000**	**Stage 3 AED'000**	**Total AED'000**
Low risk	**565,801**	**-**	**-**	**565,801**
Watchlist	**-**	**11,655**	**-**	**11,655**
Loss	**-**	**-**	**9,650**	**9,650**
Less: Allowance for impairment	**(6,276)**	**(236)**	**(8,977)**	**(15,489)**
Carrying amount	**559,525**	**11,419**	**673**	**571,617**

	2023			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Low risk	258,882	-	-	258,882
Watchlist	-	5,750	-	5,750
Loss	-	-	3,400	3,400
Less: Allowance for impairment	(2,546)	(102)	(3,400)	(6,048)
Carrying amount	256,336	5,648	-	261,984

5 Risk management continued

5.2 Credit risk continued

5.2.5 Inputs, assumptions and techniques used for estimating impairment

a) Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis including internal obligor credit risk rating system, external risk ratings, where available, delinquency status of accounts, credit judgement and, where possible, relevant historical experience and forward-looking information. The Group may also determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure. The Group uses three criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on movement in PD;
- qualitative indicators; and
- a backstop of 30 days past due.

b) Obligor Risk Rating (ORR)

The Group uses specific obligor risk rating (ORR) models tailored to various industry segments/counterparty. ORR is arrived using quantitative/ financial and qualitative/ non-financial factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower. Exposures are subject to on-going monitoring, which may result in an exposure being moved to a different credit risk grade.

c) Generating the term structure of Probability of Default (PD)

The Group employs statistical models to analyse the data collected and generate estimates of PD of exposures and how these are expected to change as a result of the passage of time. This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors, across various geographies in which the Group has exposures.

d) Renegotiated financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value. Where possible, the Group seeks to restructure loans rather than to take possession of collateral, if available. This may involve extending the payment arrangements and documenting the agreement of new loan conditions. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur.

Facilities which are restructured due to credit reasons in past 12 months are classified under Stage 2. A borrower would need to demonstrate consistently good payment history over a period of time before the exposure is upgraded to Stage 1.

e) Definition of default

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

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held);
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation ;or
- the borrower is past due more than 90 days on any material credit obligation to the Group.

In assessing whether a borrower is in default, the Group also considers indicators that are:

- quantitative - e.g. overdue status and non-payment on another obligation of the same issuer to the Group;
- qualitative - e.g. borrowers' cooperation and the clarity and availability of the information requested; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances. The definition of default largely aligns with that applied by the Group for regulatory capital purposes.

f) Curing

Assets can move back to Stage 1 from Stage 2 when they no longer meet the significant increase in credit risk criteria and have completed a probation period of 12 months, defined by the Group. An account shall move from Stage 3 to Stage 2 when objective evidence of impairment fails to exist, post which it shall follow the curing period of 12 months before it can be transferred to Stage 1. The policy also ensures that none of the assets can move back directly to Stage 1 from Stage 3.

g) Incorporation of forward-looking information

The assessment of significant increase in credit risk (SICR) and the calculation of ECL both incorporate forward-looking information. The Group employs statistical models to identify portfolio relevant-macroeconomic variables and then incorporate forward-looking information of the shortlisted macroeconomic variables on historical default rates. Expert judgement is applied in the process where the economic relationship between variables is weak or the forecast is deemed imprudent. The forecasts of these macro-economic variables are updated on regular basis to obtain the best possible estimate of the movement of the economy over the next five years. After five years, to project the economic variables out for the full remaining lifetime of instrument, a rolling average approach has been used.

Incorporating forward looking information of macroeconomic factors are reflected on the ECL calculations applicable to the Stage 1 and Stage 2 exposures to align credit provisions with the economic outlook. The methodologies and assumptions involved are reviewed periodically, including the forecasts of the shortlisted macro-economic variables, which are regularly updated.

For probability-weighted ECL calculation, probabilities of 70%, 30% and 30% are used for baseline, optimistic and pessimistic macro-economic scenario respectively.

5 Risk management continued

5.2 Credit risk continued

5.2.5 Inputs, assumptions and techniques used for estimating impairment continued

h) Measurement of Expected Credit Loss ("ECL")

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition of a facility as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a Significant Increase in Credit Risk ('SICR') since initial recognition is identified, then the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Identification of SICR is measured based on information as described above.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD).

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

PD constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- credit risk grading;
- product type; and
- geographic location of the borrower.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

5 **Risk management** continued

5.2 Credit risk continued

5.2.5 Inputs, assumptions and techniques used for estimating impairment continued

i) Credit risk monitoring

For IFRS 9 ECL computation, credit exposures are monitored and reported as per IFRS 9 requirements. Stage migrations, any exceptions to SICR criteria, other credit and impairment related matters are reviewed and approved by an appropriate management committee.

Risks of the Group's credit portfolio are continuously assessed and monitored on the basis of exceptions, management information reports and returns generated by the business and credit units. Credit risk is also monitored on an ongoing basis with formal monthly and quarterly reporting to ensure that senior management is aware of shifts in the credit quality of the portfolio along with changing external factors.

j) Collateral management

Collaterals and guarantees are effectively used as mitigating tools by the Group. The quality of collateral is continuously monitored and assessed and the Bank seeks to ensure enforceability of the collateral. Major categories of collaterals include cash/ fixed deposits, inventories, shares, guarantees (corporate, bank and personal guarantees), immovable properties, receivables and vehicles.

Collaterals are revalued regularly as per the bank's credit policy. In addition, ad hoc valuations are also carried out depending on the nature of collateral and general economic condition. This enables the Bank to assess the fair market value of the collateral and ensure that risks are appropriately covered. Security structures and legal covenants are also subject to regular review.

5.2.6 Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instruments.

Balances and deposits with banks

	2024			
	Stage 1 AED'000	**Stage 2 AED'000**	**Stage 3 AED'000**	**Total AED'000**
Balance as at 1 January	**582**	-	-	**582**
New financial assets originated	**446**	-	-	**446**
De-recognition of financial assets	**(582)**	-	-	**(582)**
Balance as at 31 December	**446**	-	-	**446**

	2023			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Balance as at 1 January	674	-	-	674
New financial assets originated	582	-	-	582
De-recognition of financial assets	(674)	-	-	(674)
Balance as at 31 December	582	-	-	582

5 Risk management continued

5.2 Credit risk continued

5.2.6 Loss allowance continued

Loans and advances to customers and Islamic finance

	2024			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total ECL AED'000
Balance as at 1 January	40,319	37,147	247,682	325,148
Transfers to Stage 1	225	(212)	(13)	-
Transfers to Stage 2	(14,199)	16,563	(2,364)	-
Transfers to Stage 3	(5,847)	(15,070)	20,917	-
Other movements within the same stage	68,994	2,691	11,793	83,478
New financial assets originated	5,948	1,051	760	7,759
De-recognition of financial assets	(18,539)	(15,712)	(8,870)	(43,121)
Write off	-	-	(10,284)	(10,284)
Balance as at 31 December	76,901	26,458	259,621	362,980

	2023			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total ECL AED'000
Balance as at 1 January	51,486	11,659	206,907	270,052
Transfers to Stage 1	607	(607)	-	-
Transfers to Stage 2	(22,155)	22,594	(439)	-
Transfers to Stage 3	(17,751)	(15,959)	33,710	-
Other movements within the same stage	28,804	14,146	4,110	47,060
New financial assets originated	7,242	6,274	4,141	17,657
De-recognition of financial assets	(7,914)	(960)	(747)	(9,621)
Balance as at 31 December	40,319	37,147	247,682	325,148

For the impairment of loans and advances to customers and Islamic finance, the Bank maintains a management overlay to capture the characteristics of the market and associated risks which are not captured in the existing ECL model. As at 31 December 2024, management overlay amounted to AED 64.6 million (*2023: AED 15.1 million*).

5 Risk management continued

5.2 Credit risk continued

5.2.6 Loss allowance continued

Investment securities (Debt instruments)

	2024			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Balance as at 1 January	**1,978**	-	-	**1.978**
Other movements within the same stage	**323**	-	-	**323**
New financial assets originated	**1,216**	-	-	**1,216**
De-recognition of financial assets	**(395)**	-	-	**(395)**
Balance as at 31 December	**3,122**	-	-	**3,122**

	2023			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Balance as at 1 January	578	-	-	578
Other movements within the same stage	1,098	-	-	1,098
New financial assets originated	323	-	-	323
De-recognition of financial assets	(21)	-	-	(21)
Balance as at 31 December	1,978	-	-	1,978

Contingent liabilities

	2024			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Balance as at 1 January	**2,545**	**103**	**3,400**	**6,048**
Transfers to Stage 2	**(156)**	**156**	-	-
Transfers to Stage 3	-	**(5,250)**	**5,250**	-
Other movements within the same stage	**881**	**5,148**	-	**6,029**
New financial assets originated	**3,400**	**79**	**327**	**3,806**
De-recognition of financial assets	**(394)**	-	-	**(394)**
Balance as at 31 December	**6,276**	**236**	**8,977**	**15,489**

	2023			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Balance as at 1 January	7,277	-	1,598	8,875
Transfers to Stage 2	(100)	100	-	-
Transfers to Stage 3	(1,802)	-	1,802	-
Other movements within the same stage	(2,553)	-	-	(2,553)
New financial assets originated	772	3	-	775
De-recognition of financial assets	(1,049)	-	-	(1,049)
Balance as at 31 December	2,545	103	3,400	6,048

5 Risk management continued

5.3 Market risk

Market risk refers to the potential impact on the fair value or cash flows of financial instruments held by the Group, or its income, due to fluctuations in market factors like interest rates, credit spreads, foreign exchange rates, and commodity prices.

The market risk is managed through a comprehensive control framework, governed by the approved market risk framework, which operates independently of risk-taking businesses. The market risk function within risk management, reports to Chief Risk Officer.

Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity instruments, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. Management of the Group meet on a regular basis to monitor and manage market risks.

Front office operates within a "permitted product list" of approved products, with additions requiring approval from the Delegation of Authority to assess and ensure effective risk control.

Stress testing is conducted by generating extreme, but plausible scenarios, such as significant movements in interest rates, credit spreads, etc. and analysing their effect on the Group's positions.

Price risk

The Group faces equity securities price risk due to its investments, which are recorded at fair value through other comprehensive income in the consolidated financial statements. To mitigate this risk, the Group employs a diversification strategy, ensuring its investment portfolio is spread across various securities. This approach helps reduce exposure to fluctuations in individual stock prices. Portfolio diversification is conducted in line with limits established by management, ensuring a balanced risk profile. By adhering to these guidelines, the Group aims to manage potential losses while maintaining stable investment performance in changing market conditions.

The table below summarizes the impact of a 10% increase / decrease of the prices of this portfolio, on the Group's results and equity for the year ended 31 December 2024 and 2023. The analysis is based on the assumptions that all other variables will remain constant and where applicable, the Group's investments moved according to the historical correlation of the relevant index.

	Impact on equity of the Group	
	2024 AED'000	2023 AED'000
+/-10 % change in equity prices	**+/-34,031**	+/-28,563

5 Risk management continued

5.3 Market risk continued

Cash flow and fair value interest rate risk

Cash flow interest rate risk refers to the potential variability in future cash flows of a financial instrument due to changes in market interest rates. Fair value interest rate risk, on the other hand, pertains to fluctuations in the value of a financial instrument resulting from interest rate movements. To manage these risks effectively, the Group's management continuously monitors market interest rates, ensuring timely adjustments and informed decision-making to mitigate potential financial impacts.

Interest sensitivity of assets and liabilities

The Group is exposed to a range of risks that stem from fluctuations in market interest rates, which can have an impact on its financial position and cash flows. Interest rate risk is evaluated by assessing the effect of potential changes in interest rates on the Group's financial instruments. This risk arises from the presence of interest-bearing financial instruments within the Group's portfolio. Essentially, the possibility exists that fluctuations in market interest rates could negatively influence the value of these instruments and, consequently, the associated income streams.

In managing interest rate risk, the Group takes a proactive approach by monitoring the interest rate gaps within its portfolio and aligning the re-pricing profiles of its assets and liabilities. This ensures that potential mismatches between the interest rate sensitivity of the Group's assets and liabilities are minimized, thus helping to mitigate the adverse effects that interest rate changes might have. By carefully matching the timing of re-pricing across both sides of the balance sheet, the Group is able to reduce the exposure to interest rate fluctuations.

A significant portion of the Group's assets and liabilities are subject to re-pricing within a short time frame, specifically within three months. This means that the Group faces relatively limited exposure to interest rate risk in this context. Short-term re-pricing offers some stability, as the value of the Group's financial instruments is more likely to adjust quickly to any interest rate changes, reducing the risk associated with prolonged periods of interest rate misalignment.

To assess the impact of interest rate changes on the value of its financial instruments, the Group employs the concept of the effective interest rate. The effective interest rate is the rate that, when used in a present value calculation of future contractual cash flows, equates to the carrying amount of the financial instrument. This rate is crucial in determining how changes in interest rates will affect the Group's cash flows and the value of its financial instruments.

For fixed-rate instruments that are carried at amortized cost, the effective interest rate is typically the original rate set when the instrument was issued. This rate remains constant over the life of the instrument unless there is a significant change in the terms of the agreement. On the other hand, for floating-rate instruments or instruments that are carried at fair value, the effective interest rate reflects the current market rate. Floating-rate instruments are more sensitive to interest rate changes since their rates adjust periodically in response to market movements, which can impact both the value of the instrument and the future cash flows.

5 Risk management continued

5.3 Market risk continued

Cash flow and fair value interest rate risk continued

The following table sets out the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

At 31 December 2024	Up to 3 months AED'000	3 to 12 months AED'000	Non-interest sensitive AED'000	Total AED'000
Assets				
Cash and balances with the UAE Central Bank	1,232,000	-	46,065	1,278,065
Balances and deposits with banks	3,994,083	1,325,388	83,697	5,403,168
Loans and advances to customers	859,832	4,215,143	-	5,074,974
Islamic Finance	42,053	75,132	-	117,185
Investment securities	305,382	2,613,550	340,312	3,259,244
Derivative financial instruments	5,570	6,129	-	11,699
Other assets - interest receivable	-	-	174,861	174,861
	6,438,920	8,235,340	644,936	15,319,196
Liabilities				
Due to banks	-	-	-	-
Deposits and funds	1,818,715	850,000	428,201	3,096,916
Term borrowings	-	5,474,723	-	5,474,723
Derivative financial instruments	659,308	(568,721)	-	90,587
Other liabilities	-	-	866,081	866,081
	2,478,023	5,756,002	1,294,282	9,528,307
Net gap	3,960,897	2,479,338	(649,346)	5,790,889

5 Risk management *continued*

5.3 Market risk *continued*

Cash flow and fair value interest rate risk *continued*

At 31 December 2023	Up to 3 months AED'000	3 to 12 months AED'000	Non-interest sensitive AED'000	Total AED'000
Assets				
Cash and balances with the UAE Central Bank	1,157,000	-	65,143	1,222,143
Balances and deposits with banks	4,416,545	1,631,958	35,474	6,083,977
Loans and advances to customers	1,583,057	4,180,234	-	5,763,291
Islamic Finance	670,629	990,695	-	1,661,324
Investment securities	40,665	1,371,972	285,630	1,698,267
Derivative financial instruments	-	-	37,820	37,820
Other assets - interest receivable	-	-	136,301	136,301
	7,867,896	8,174,859	560,368	16,603,123
Liabilities				
Due to banks	-	-	-	-
Deposits and funds	1,641,980	2,749,520	948,909	5,340,409
Term borrowings	2,754,750	2,752,730	-	5,507,480
Derivative financial instruments	-	-	37,820	37,820
Other liabilities	-	-	265,216	265,216
	4,396,730	5,502,250	1,251,945	11,150,925
Net gap	3,471,166	2,672,609	(691,577)	5,452,198

Interest Rate Risk arises due to mismatch between rate sensitive assets and rate sensitive liabilities which may adversely impact the earnings/economic value of equity of the Bank with the change in interest rates in the market. For measurement and monitoring of interest rate risk, the Group uses risk management tools such as Traditional Gap Analysis and Earning at Risk. The short-term impact of interest rate movements on Net Interest Income (NII) is worked out through the 'Earnings at Risk' approach by taking into consideration parallel shift in yield curve. The long-term impact of interest rate movements is measured and monitored through change in Market Value of Equity.

The Group assumes a fluctuation in EIBOR rates of 25 basis points (bps) and estimates the following impact on the net profit for the year and net assets at that date, with all other variables held constant:

	2024 AED'000	2023 AED'000
Effect of a +/- 25 bps change in EIBOR gain or loss	**+/- 12,077**	+/- 10,980

The interest rate sensitivities set out above employ simplified scenarios. They are based on AED 10,982 million (*2023: AED 12,289 million*) interest bearing assets and AED 5,974 million (*2023: AED 7,146 million*) interest bearing liabilities. The sensitivity does not incorporate actions that could be taken by management to mitigate the effect of interest rate movements.

5 Risk management continued

5.3 Market risk continued

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in a foreign currency. The Group's functional currency is the UAE Dirham. Positions are closely monitored and strategies are used to ensure positions are maintained within established limits.

The Group's assets are typically funded in the same currency as that of the business transacted in order to eliminate foreign exchange exposure.

As at 31 December 2024, the Group had exposures denominated in US Dollars amounting to AED 2,972 million (*2023: net short exposure of AED 1,346 million*). As AED is pegged against US Dollar, the Group's risk exposure to this currency is limited.

Management of market risks

The Assets and Liabilities Management Committee ("ALCO") holds overall responsibility for market risk, establishing limits for various risk types both individually and at the portfolio level. Management is tasked with formulating detailed risk management policies, which are subject to ALCO's review and approval. Additionally, management oversees the daily implementation and monitoring of these policies to ensure effective risk control.

5.4 Liquidity risk

Liquidity risk refers to the possibility that the Group may be unable to meet its financial obligations as they become due or replace withdrawn funds. This could result in the inability to fulfill lending commitments. To mitigate this risk, the Group actively monitors its liquidity position through a structured process managed by its leadership. By continuously assessing cash flows, funding requirements, and available resources, the Group ensures it can meet its obligations on time. Effective liquidity management helps maintain financial stability and operational continuity, reducing the potential impact of unexpected cash shortages or market disruptions.

The Bank has a formal contingency funding plan ("CFP"), which is updated, reviewed and approved by the Board on an annual basis. The CFP provides a list of liquidity generation tools which would be used to counter liquidity stress at different stages of the contingency.

The Bank holds a portfolio of HQLA aligned with the established liquidity risk tolerance of the bank, which means at a minimum it is sufficient to meet Basel III liquidity requirements and internal ratios under normal operating conditions, and enough to meet the liquidity needs under stressed conditions as estimated by Stress tests.

5.4 Liquidity risk continued

The following table analyses the Group's assets and liabilities into relevant maturity groupings based on the remaining period at the date of the consolidated statement of financial position to the contracted maturity date:

At 31 December 2024	Up to 12 months AED'000	Over 12 months AED'000	Unspecified maturity AED'000	Total AED'000
Assets				
Cash and balances with the UAE Central Bank	1,278,065	-	-	1,278,065
Balances and deposits with banks	5,403,168	-	-	5,403,168
Loans and advances	1,135,837	3,939,137	-	5,074,974
Islamic Finance	2,734	114,451	-	117,185
Investment securities	1,517,080	1,401,852	340,312	3,259,244
Derivative financial instruments	(138)	11,837	-	11,699
Other assets - Interest receivable	174,861	-	-	174,861
	9,511,607	5,467,277	340,312	15,319,196
Liabilities				
Deposits and funds	3,096,916	-	-	3,096,916
Term borrowings	-	5,474,723	-	5,474,723
Derivative financial instruments	(138)	90,725		90,587
Other liabilities	853,498	-	12,583	866,081
	3,950,276	5,565,448	12,583	9,528,307
Net liquidity availability	5,561,331	(98,171)	327,729	5,790,889

At 31 December 2023	Up to 12 months AED'000	Over 12 months AED'000	Unspecified maturity AED'000	Total AED'000
Assets				
Cash and balances with the UAE Central Bank	1,222,143	-	-	1,222,143
Balances and deposits with banks	6,083,977	-	-	6,083,977
Loans and advances	1,189,111	4,574,180	-	5,763,291
Islamic Finance	38,246	1,623,078	-	1,661,324
Investment securities	270,554	1,142,083	285,630	1,698,267
Derivative financial instruments	46	37,774	-	37,820
Other assets - Interest receivable	136,301	-	-	136,301
	8,940,378	7,377,115	285,630	16,603,123
Liabilities				
Deposits and funds	5,340,409	-	-	5,340,409
Term borrowings	2,754,750	2,752,730	-	5,507,480
Derivative financial instruments	46	37,774	-	37,820
Other liabilities	257,902	-	7,314	265,216
	8,353,107	2,790,504	7,314	11,150,925
Net liquidity availability	587,271	4,586,611	278,316	5,452,198

5 Risk management continued

5.4 Liquidity risk continued

Maturity of assets and liabilities is determined on the basis of the remaining period from the date of the consolidated statement of financial position to the contractual maturity date.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for banks ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability but can also increase the risk of losses.

The ability to replace maturing interest-bearing liabilities at a reasonable cost, along with the maturity profile of assets and liabilities, plays a crucial role in assessing the Group's liquidity. Additionally, these factors influence the Group's exposure to fluctuations in interest rates and exchange rates. Effective management of these elements ensures financial stability and minimizes risks associated with liquidity and market volatility.

5.5 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations and are faced by all business entities.

Business Continuity Management (BCM) enables the Bank to proactively enhance operational resilience, enrich various capabilities and manage response to unplanned incidents or events; continue to conduct critical business operations and return to normal operations in a timely manner.

Effective management of operational risk and business continuity is a fundamental element of the Bank's overall risk management program. The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

Management is responsible for the development and implementation of controls to address operational risk. This responsibility is supported by the development of overall standards for the management of operational risk.

Key components of the operational risk management framework mainly covers: governance, polices, guidelines & processes, operational risk incident management, risk & control self-assessment, key risk indicators, training and awareness.

Key components of the business continuity management framework mainly covers: governance, policies, business impact analysis, business continuity plan, drills and testing and emergency response.

Senior management of the bank has the responsibility to oversee the implementation and ensure that strategies, policies and processes are effectively implemented at all levels.

The Bank follows the Three Lines of Defense model for the management of operational risk and business continuity whereby:

- First line (business line management) own the risks and are responsible for the implementation of the operational risk and business continuity frameworks.
- Second line (risk management) is responsible for developing the related operational risk and business continuity policies, frameworks and the associated tools to support first line in fulfilling their responsibilities.
- Third line (internal audit) provide independent assurance to the Board.

5 Risk management continued

5.6 Capital risk management

The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure.

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

The Bank seeks to optimise returns on capital and it has always been the objective to maintain a strong capital base to support business development and to meet the capital requirements at all times.

As per Basel III requirement, capital should comprise of the following:

Tier 1 capital - Tier 1 capital, split into Common equity tier 1 (CET 1) which includes issued and paid-up share capital, retained earnings, statutory and legal reserves, accumulated other comprehensive income and Additional tier 1 (AT 1) comprising of instruments issued by banks which are eligible for inclusion in AT 1 and are not included in CET 1.

Tier 2 capital - Tier 2 capital includes general provisions (Collective allowance for impairment subject to a limit of 1.25% of Credit Risk Weighted Assets).

Regulatory adjustment is applied in CET 1, AT 1 and Tier 2 capital consisting mainly of goodwill and other intangibles, deferred tax assets and cash flow hedge reserve. Additionally, threshold deduction is applied in case of exceeding the threshold limit specified by the Central Bank regulations for Basel III.

Capital allocation

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Bank to particular activities, it is not the sole basis used for decision making. Account is also taken of synergies with other activities, the availability of management and other resources, and the fit of the activity with the Bank's longer-term strategic objectives. The Bank's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors and Board level committees as part of Internal Capital Adequacy assessment program ("ICAAP").

The Bank's regulatory capital positions as 31 December 2024 and 2023 is as follows:

	2024 AED'000	2023 AED'000
Tier 1 capital		
Share capital	4,708,390	4,658,390
Special reserve	649,907	621,894
Fair value reserve	43,638	21,103
Retained earnings	905,846	649,769
Eligible Tier 1 capital (a)	**6,307,781**	5,951,156
Tier 2 capital		
Eligible general provisions	102,944	82,674
Eligible Tier 2 capital (b)	**102,944**	82,674
Total capital base (a+b)	**6,410,725**	6,033,830
Risk weighted assets		
Credit risk	8,235,482	9,338,380
Market risk	193,068	145,193
Operational risk	922,806	672,504
Total risk weighted assets	**9,351,356**	10,156,077

5 Risk management continued

5.6 Capital risk management continued

Capital allocation continued

	2024 AED'000	2023 AED'000
CET 1 ratio	**67.45%**	58.60%
Tier 1 ratio	**67.45%**	58.60%
Capital adequacy ratio	**68.55%**	59.41%

5.7 Fair value hierarchy

All financial assets and liabilities are measured at amortised cost except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss, which are measured at fair value by reference to published price quotations in an active market.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

The Group has adopted the amendment to IFRS 7 for financial instruments that are measured in the consolidated statement of financial position at fair value; this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Group measures the fair values of its quoted financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss using the quoted market price (unadjusted) in active market for an identical instrument (Level 1). For the unquoted securities, the Group measures its fair value based on Level 3, using a market comparison technique which is mainly based on market multiples derived from financial information of companies comparable to the investee and the expected EBITDA of the investee, among others. The estimate is adjusted for the effect of non-marketability of the equity securities.

The fair values of balance with the UAE Central Bank, balances and deposits with banks, deposits from governmental authorities and corporate customers, which are predominantly short term in tenure and issued at market rates, are considered to reasonably approximate their carrying amount. The Group estimates that the fair value of its conventional housing portfolio and Ijarah and Estisnaa portfolios not to be materially different from its carrying amount since all of these balances carry floating market rates of interest and are re-priced on semiannual basis.

As at 31 December 2024, the fair values of the financial investments measured at amortised cost, which are comprising of bonds, sukuks and treasury bills, amounted to AED 2.7 billion (*2023: AED 1.2 billion*). As at 31 December 2024, the fair values of the term borrowings amounted to AED 5.3 billion (*2023: AED 5.3 billion*).

5 Risk management *continued*

5.7 Fair value hierarchy *continued*

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
31 December 2024				
Financial assets at FVTPL	**142,023**	**-**	**-**	**142,023**
Financial assets at FVTOCI	**280,896**		**96,760**	**377,656**
Derivative financial instruments	**-**	**11,699**	**-**	**11,699**
	422,919	**11,699**	**96,760**	**531,378**
At 31 December 2023				
Financial assets at FVTPL	138,242	-	-	138,242
Financial assets at FVTOCI	188,322	-	97,308	285,630
Derivative financial instruments	-	37,820	-	37,820
	326,564	37,820	97,308	461,692

During the year, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

5 Risk management continued

5.7 Fair value hierarchy continued

5.7.1 Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Unquoted Equities	*Market comparison technique* The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee and the expected EBITDA of the investee. The estimate is adjusted for the effect of non-marketability of the equity securities.	EBITDA / Forecasted EBITDA Marketability discounts (*ranges from 10% to 25% for 2024 and 2023*) Performance discounts (*ranges from 10% to 25% for 2024 and 2023*) Financial multiples of comparable entities: - EV/EBITDA (ranges from7.7x to 16.4x) - EV/Revenue (ranges from 0.4x to 0.6x - P/BV (ranges from 0.8x to 1.1x)	The estimated fair value would increase (decrease): - if the EBITDA margin were higher (lower) - if the marketability discounts were lower (higher) - if the performance discounts were lower (higher) - if the financial multiples of comparable entities were higher (lower) Generally, a change in the annual revenue growth rate is accompanied by a directionally similar change in EBITDA margin.
	NAV approach This is based on the assumption that the value of the business equates to the sum of its underlying assets, and that no rational investor will pay more for the business than the cost of procuring assets of similar economic utility.	Marketability discounts (*ranges from 10% to 25% for both years*) Net assets	The estimated fair value would increase (decrease): - if the marketability discounts were lower (higher) - the net assets were higher (lower)

5 **Risk management** continued

5.7 Fair value hierarchy continued

5.7.1 Valuation techniques and significant unobservable inputs continued

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Investment properties	*Comparable evidence approach* Fair value of the subject property was calculated by adopting comparable market transaction information where available, current asking prices and compares the subject property's characteristics with those comparable properties which have recently been marketed in similar transactions in the market.	Comparable sales price of office and land plots (ranges from 96 to 285 per sq./ft.) and apartment building (ranges from AED 824 to 1559 per sq/ft) (2023: Comparable sales price of office and land plots (ranges from 57.5 to 250 per sq./ft.) and apartment building (ranges from AED 811 to 1,273 per sq/ft)	The estimated fair value would increase (decrease) if the comparable sales prices were higher (lower).
	Investment approach The market value of the Property has been determined through analysis of the income flow achievable for the investment property and takes into account the projected annual expenditure.	Capitalisation rate 2024: 7.75% to 8% (2023: 8.5% to 8.25%) Rental income *(ranges from AED 80 to 130 per sq./ft. for 2024 80 to 150 2023)*	An increase in the capitalisation rate used would result in a decrease in fair value, and vice versa. An increase in the market rent used would result in an increase in fair value, and vice versa. Generally, a change in the assumption used for rental income should be accompanied by a change in the assumption for capitalisation rates in the same direction as increase in rental income increases the expectations of the seller to earn from the investment property. Therefore, the effects of these changes partially offset each other.

5 Risk management continued

5.7 Fair value hierarchy continued

5.7.2 Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

	2024 AED'000	2023 AED'000
Investment properties		
Balance as at 1 January	**480,027**	478,353
Title deed cost	**1,522**	2,138
Net fair value change during the year	**22,153**	(464)
Balance as at 31 December	**503,702**	480,027
Financial assets at FVOCI		
Balance as at 1 January	**97,308**	115,300
Securities sold	**(4,408)**	-
Net fair value change during the year	**3,860**	(17,992)
Balance as at 31 December	**96,760**	97,308

6 Balances and deposits with banks

	2024 AED'000	2023 AED'000
Money market placements	**5,319,917**	6,049,085
Current and call accounts	**83,697**	35,474
	5,403,614	6,084,559
Less: allowance for impairment	**(446)**	(582)
	5,403,168	6,083,977

7 Loans and advances to customers

	2024 AED'000	2023 AED'000
Loans to government entities	**2,224,530**	2,940,070
Loans to corporates and SMEs	**2,952,479**	1,532,022
Loans to financial institutions	**101,136**	105,342
Housing loans	**129,550**	1,461,507
Gross loans and advances to customers	**5,407,695**	6,038,941
Less: allowance for impairment	**(332,721)**	(275,650)
	5,074,974	5,763,291

During the period, the Bank has sold a significant portion of its housing loans portfolio having book value of AED 1,245 million to a local commercial bank and derecognised the asset effective from 19 June 2024.

Loans to financial institutions originally represent placements with two financial institutions, which are impaired and for which the Group holds no related collateral. These loans have been renegotiated in 2014. The provision accumulated on these loans amounted to AED 101 million (31 December 2023: AED 99 million).

The total non-performing loans amounted to AED 259 million (31 December 2023: AED 272 million). The specific provisions held against those loans amounted to AED 237 million (31 December 2023: AED 224 million).

Movement in allowance for impairment of loans:

	2024 AED'000	2023 AED'000
Balance at 1 January	**275,650**	248,893
Loss allowance – Stage 1 and 2	**44,330**	5,575
Loss allowance – Stage 3	**23,025**	21,182
Write off and write backs	**(10,284)**	-
Balance at 31 December	**332,721**	275,650

7 Loans and advances to customers continued

By industrial economic sector:

	2024 AED'000	2023 AED'000
Real estate	**2,224,530**	2,940,070
Manufacturing	**1,592,643**	761,688
Advance technology	**294,733**	181,121
Healthcare	**280,541**	177,539
Mortgage retail loans	**129,550**	1,461,507
Transport	**253,481**	6,088
Food security	**176,709**	142,840
Other corporate loans	**150,216**	140,236
Financial institution	**101,136**	105,342
Contracting	**89,801**	5,262
Construction	**66,389**	61,475
Services	**47,402**	53,773
Trading	**564**	2,000
	5,407,695	6,038,941
Less: allowance for impairment	**(332,721)**	(275,650)
Balance at 31 December	**5,074,974**	5,763,291

8 Islamic finance

	2024 AED'000	2023 AED'000
Islamic home finance	**147,444**	1,710,822
Less: allowance for impairment	**(30,259)**	(49,498)
Net Islamic finance	**117,185**	1,661,324

8 Islamic finance *continued*

Islamic home finance take the form of Ijara contracts. These are granted to UAE nationals for the purpose of purchasing or construction of their home.

During the period, the Bank has sold a significant portion of its Islamic finance portfolio having book value of AED 1,466 million to a local commercial bank and derecognised the asset effective from 19 June 2024.

	2024 AED'000	2023 AED'000
Gross investment in Ijarah	89,309	1,639,354
Less: deferred Ijarah profits	(38,340)	(775,513)
	50,969	863,841

At 31 December, the future minimum Ijarah payments were payable as follows:

	31 December 2024	
	Minimum Ijarah payments AED'000	Present value of minimum Ijarah payments AED'000
Within one year	4,509	1,371
Two years to five years	18,049	6,436
More than five years	66,751	43,162
	89,309	50,969

	31 December 2023	
	Minimum Ijarah payments AED'000	Present value of minimum Ijarah payments AED'000
Within one year	84,750	24,013
Two years to five years	335,871	111,905
More than five years	1,218,733	727,923
	1,639,354	863,841

The total gross non-performing Islamic finance amounted to AED 34.8 million (*31 December 2023: AED 39.2 million*). The specific provisions held against those finance amounted to AED 22.7 million (*31 December 2023: AED 23.5 million*).

8 Islamic finance continued

	2024 AED'000	2023 AED'000
Movement in allowance for impairment:		
Balance at 1 January	**49,498**	21,159
Loss allowance – Stage 1 and 2	**(18,438)**	8,746
Loss allowance – Stage 3	**(801)**	19,593
	30,259	49,498
By economic sector:		
Real estate	**147,444**	1,710,822
Less: allowance for impairment	**(30,259)**	(49,498)
	117,185	1,661,324

9 Investment securities

	2024 AED'000	2023 AED'000
Financial assets at FVTPL	**142,023**	138,242
Financial assets at FVTOCI	**377,656**	285,630
Financial assets at amortised cost	**2,739,565**	1,274,395
	3,259,244	1,698,267

The financial assets at fair value through profit or loss comprises of the following:

	2024 AED'000	2023 AED'000
Perpetual sukuk instruments	**142,023**	138,242
	142,023	138,242

Movement in financial assets at fair value through profit or loss (FVTPL):

	2024 AED'000	2023 AED'000
Balance as at 1 January	**138,242**	137,669
Net amortisation of premium and discount	**(920)**	(886)
Changes in fair value	**4,701**	1,459
Balance as at 31 December	**142,023**	138,242

The financial assets at fair value through other comprehensive income (FVTOCI) are comprises of the following:

	2024 AED'000	2023 AED'000
Quoted local equity shares	**243,553**	188,322
Un-quoted local equity shares	**96,760**	97,308
Sukuks	**37,343**	-
	377,656	285,630

9 Investment securities continued

Movement in financial investments at fair value through other comprehensive income (FVTOCI):

	2024 AED'000	2023 AED'000
Balance as at 1 January	**285,630**	279,868
Securities purchased	**37,355**	-
Securities sold	**(4,408)**	(4,255)
Changes in fair value	**59,079**	10,017
Balance as at 31 December	**377,656**	285,630

During the year, the Group disposed of FVTOCI equity investments fair valued at AED 4,408 thousand as at 31 December 2024 (*2023: AED 4,255 thousand*), with accumulated fair value gain transferred to retained earnings of AED 3,957 thousand (*2023: gain of AED 3,487 thousand*) upon disposal.

The financial assets at amortised cost comprises of the following:

	2024 AED'000	2023 AED'000
Bonds and Sukuks	**1,317,097**	1,274,395
Treasury bills issued by UAE Central Bank	**1,422,468**	-
	2,739,565	1,274,395

Movement in Bonds and Sukuks measured at amortised cost:

	2024 AED'000	2023 AED'000
Balance as at 1 January	**1,274,395**	1,294,679
Securities purchased	**335,625**	122,635
Securities matured	**(295,060)**	(144,644)
Net amortisation of premium and discount	**3,281**	3,125
Allowance for impairment	**(1,144)**	(1,400)
Balance as at 31 December	**1,317,097**	1,274,395

Investments measured at amortised cost consist of US Dollar denominated bonds that carry coupon rates between 1.38% to 7.00% p.a. with maturities between 23 June 2025 to 13 September 2033 (*2023: coupon rates between 1.38% to 6.25% p.a. with maturities between 13 March 2024 to 13 July 2031*).

Financial assets at amortised cost also consists of the market treasury bills issued by the Central Bank of the United Arab Emirates (CBUAE), having carrying value of AED 1,422 million, with yield ranges between 4.475% to 5.650% p.a. and having maturities ranging between 08 January 2025 to 15 October 2025 (31 December 2023: nil).

10 Investment properties

Investment properties comprise of the following:

	Land AED'000	Buildings AED'000	Properties under development AED'000	Total AED'000
At 1 January 2023	90,055	303,498	84,800	478,353
Additions	2,138	-	-	2,138
Change in fair value during the year	3,602	(5,666)	1,600	(464)
At 31 December 2023	95,795	297,832	86,400	480,027
Additions	-	-	1,522	1,522
Change in fair value during the year	24,595	11,280	(13,722)	22,153
At 31 December 2024	**120,390**	**309,112**	**74,200**	**503,702**

The above investment properties are located in various Emirates within the UAE as follows:

	Abu Dhabi AED'000	Dubai AED'000	Ajman AED'000	Total AED'000
Land	**32,300**	**85,040**	**3,050**	**120,390**
Properties under development	**-**	**74,200**	**-**	**74,200**
Buildings	**192,320**	**116,792**	**-**	**309,112**
At 31 December 2024	**224,620**	**276,032**	**3,050**	**503,702**
Land	32,300	61,395	2,100	95,795
Properties under development	-	86,400	-	86,400
Buildings	177,000	120,832	-	297,832
At 31 December 2023	209,300	268,627	2,100	480,027

Investment properties are stated at fair value, which have been determined based on valuations performed by an independent industry specialist as at 31 December 2024

The valuation, conforms with the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards ("RICS") and the relevant statements of the International Valuations Standards, was arrived at by using recognised valuation methods comprising the comparable method of valuation, the investment valuation method and the residual valuation method.

10 Investment properties *continued*

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property.

Investment properties under development include the amount of AED 34.9 million as on 31 December 2024 (*2022: AED 34.9 million*) being cost incurred to date on foundation and earthworks. Based on the 2024 valuation; the bank has followed the conservative principle to exclude the piling cost from the land valuation. The piling cost amounted to AED 12.9 million approximately which is not considered for the land valuation.

Income from investment properties – net:

	2024 AED'000	2023 AED'000
Rental income	**12,353**	11,216
Service charges and other cost	**(9,092)**	(6,934)
	3,261	4,282

Rental income from investment properties are disclosed as other operating income (note 23).

11 Other assets

	2024 AED'000	2023 AED'000
Interest receivable	**174,861**	136,301
Prepayments and other assets	**35,731**	16,676
	210,592	152,977

12 Property and equipment

	Land & buildings AED'000	Furniture & fixtures AED'000	Computers AED'000	Software & license AED'000	Motor vehicles AED'000	Right of use assets AED'000	Work-in-progress AED'000	Total AED'000
Cost								
At 1 January 2023	32,018	12,357	13,435	37,967	430	15,407	4,617	116,231
Additions	508	109	651	-	-	4,685	3,522	9,475
Transfers	-	-	-	3,061	-	-	(3,061)	-
At 31 December 2023	32,526	12,466	14,086	41,028	430	20,092	5,078	125,706
Additions	1,973	1,447	1,861	3,404	-	92	14,672	23,449
Transfers	-	-	-	-	-	-	(8,238)	(8,238)
Deletion / Transfer	-	-	(130)	-	-	-	-	(130)
At 31 December 2024	**34,499**	**13,913**	**15,817**	**44,432**	**430**	**20,184**	**11,512**	**140,787**
Accumulated depreciation								
At 1 January 2023	13,163	12,312	12,502	27,629	430	3,043	-	69,079
Charge for the year	2,771	31	605	3,338	-	3,980	-	10,725
At 31 December 2023	15,934	12,343	13,107	30,967	430	7,023	-	79,804
Charge for the year	3,160	210	1,040	4,081	-	3,972	-	12,463
Deletion / Transfer	-	-	(130)	-	-	-	-	(130)
At 31 December 2024	**19,094**	**12,553**	**14,017**	**35,048**	**430**	**10,995**	**-**	**92,137**
Net book value								
At 31 December 2024	**15,405**	**1,360**	**1,800**	**9,384**	**-**	**9,189**	**11,512**	**48,650**
At 31 December 2023	16,592	123	979	10,061	-	13,069	5,078	45,902

12 Property and equipment continued

The Group's building in Dubai is constructed on a land granted by the Government of Dubai in the year 2000 for no consideration. The book value of this land is booked at nominal amount of AED 1. The Group carried a valuation by an external valuer on its Dubai building including the land as of 31 December 2024. The property is designated partly as investment property and partly as property and equipment. The fair value of the portion of the building classified as property and equipment amounted to AED 12.7 million (*2023: AED 12.1 million*).

Valuations of the Group's buildings and lands constructed thereon are based on the investment valuation method, and are classified as level 3 under the fair value hierarchy.

In 2001, the government of Ras Al Khaimah granted the Group a plot of land in Ras Al Khaimah for no consideration, subject to constructing a branch. The book value of this land is booked at nominal amount of AED 1. The fair value determined by the external valuer as at 31 December 2024 amounted to AED 3.8 million (2023: AED 3.8 million).

Property and equipment included fully depreciated and still in use items with cost amounting to AED 53.3 million as of 31 December 2024 (*2023: AED 52.3 million*).

13 Deposits and funds

	2024 AED'000	2023 AED'000
Time deposits from governmental institutions		
Term deposits	**1,838,648**	3,725,485
Funds from governmental institutions		
Call account	**750,046**	476,724
Current account	**333,530**	370,922
Corporate deposits		
Time deposits	**51,961**	666,015
Other deposits	**122,731**	101,263
	3,096,916	5,340,409

As at 31 December 2024, time deposits range from a term of 29 to 360 days, with interest rate range of 4.05% to 5.30% per annum (*2023: term of 12 to 362 days, with interest rate range of 4.5% to 5.85% per annum*).

13 Deposits and funds continued

Sheikh Zayed Housing Program

Pursuant to the Federal Law No. (10) of 2009 relating to the Sheikh Zayed Housing Program ("the Program") and with its regulations issued by UAE Cabinet Resolution No. (9) of 2011, the Bank and the Program signed an agreement for the provision of banking, financial and investment management services on 8 March 2015.

This agreement lays out specific services that are to be provided by the Bank to the Program, the terms and conditions of the services are to be provided under, key performance indicators that will be used to assess the Bank›s performance, the Bank›s and Program›s rights and responsibilities and details of the fees that are to be charged by the Bank to the Program in exchange.

The services to be provided include receiving funds pertaining to the Program and providing these funds to beneficiaries in the form of housing loans, as per the terms agreed by the Program and beneficiary, then administering the loans as per agreement. Additionally, the Bank is to make progress disbursements for housing projects and other financial aid to UAE nationals as well as manage the recovery services of the loans.

The Ministry of Finance transfers the funds allocated to the Program to the current account of the Group with the UAE Central Bank. The Program earns interest on the funds invested with the Group as per the agreement signed.

The substantial risk and rewards associated with the Program's funds rest with the Group. Therefore, the funds of the Program under the management of the Bank are disclosed as part of the assets (call account and placements) of the Group. The Program loans, however, do not carry any risk to the Bank and therefore are not included in the Group's consolidated statement of financial position.

Ministry of Finance - Sheikh Mohammed bin Rashid Innovation Fund

The Mohammed Bin Rashid Innovation Fund ("the Fund") is a government initiative created by the United Arab Emirates Prime Minister, His Highness Sheikh Mohammed bin Rashid Al Maktoum, as a fund to finance and foster innovation. The Ministry of Finance ("MoF") was appointed to be responsible for its implementation. EDB was subsequently appointed by the MoF to act as the administrative host and operator. Thus, there is a trilateral agreement between the three parties (the Fund, MoF, and the Bank).

The scope of the Bank's responsibilities includes review and comment on the Fund's policy, guidelines, and terms and conditions, host and collaborate the development of the Fund's operating Manual, support in the sourcing and contracting of the Decision and Advisory Committee experts, support in the contracting of strategic partners, promoting and marketing the Fund, manage and oversee the operations team performance, manage the Fund account, manage the annual report, host and maintain the Fund's website, and oversee the operations team's performance.

The Fund's annual expenses budget is to be prepared by the Bank and submitted to the MoF, which will in turn pay the Bank on a monthly basis as per the annually agreed expenses budget.

14 Term borrowings

	2024 AED'000	2023 AED'000
USD senior bonds*	**2,754,750**	5,509,500
Less: Issuance cost	**(1,139)**	(2,020)
	2,753,611	5,507,480
Borrowing from a related party** (Note 31)	**2,721,112**	-
	5,474,723	5,507,480

*In February 2019, the Bank established a Euro Medium Term Note Programme for USD 3,000 million (the "Programme"). As part of the Programme, the first issuance amounted to USD 750 million (AED 2,755 million) carried a coupon rate of 3.516% per annum payable semi-annually and was listed in Nasdaq Dubai on 6 March 2019. The notes have been matured during March 2024.

The second issuance under the Programme amounted to USD 750 million bond (AED 2,755 million) and was listed in Nasdaq Dubai on 15 June 2023. The bond is due in June 2026 and carries a coupon rate of 1.639% per annum, payable semi-annually.

**In January 2024, the Bank has obtained a borrowing from Ministry of Finance (MoF) for a period of 5 years of AED 2,800 million. The borrowing will mature in January 2029 and carry a fixed coupon rate of 4.627% per annum for first 6 months and 4.37% per annum for remaining period payable semi-annually with principal payment at maturity.

The Group hedges borrowings from MoF amounting to AED 2,800 million for interest rate risks using interest rate swaps and designates these swaps as fair value hedges. The positive fair value of these swaps as at 31 December 2024 was AED 78.89 million and negative fair value change of hedged item was AED 68.05 million resulted in net gain of AED 10.84 million recognised in consolidated statement of profit or loss.

15 Other liabilities

	2024 AED'000	2023 AED'000
Customer settlement account	**17,235**	33,245
Customer deposits towards reserving residence	**1,992**	3,032
Interest payable against term borrowings	**61,827**	32,947
Accrued expenses	**68,103**	39,379
Accrual for staff costs and others	**69,541**	53,084
Deferred rent income	**2,574**	2,418
Accrual for directors' remuneration	**950**	1,750
Impairment allowance on credit guarantees	**6,512**	2,648
Interest payable against deposits and funds	**19,069**	59,702
Corporate tax payable (note 32)	**31,830**	-
Lease liability	**8,731**	12,823
Home Finance portfolio settlement liability	**493,071**	-
Others	**84,646**	24,188
	866,081	265,216

16 Paid up capital

As per the EDB Law, the authorized share capital is 10 billion shares at AED 1 each with paid up capital of AED 5 billion required to be fully paid by the Federal Government. The issued share capital at 31 December 2024 comprises of 5,000,000 thousand ordinary shares of AED 1 each (*31 December 2023: 5,000,000 thousand ordinary shares of AED 1 each*). As at 31 December 2024, the shares are not yet fully paid-up.

During the year, additional capital was injected by the Federal Government amounting to AED 50,000 thousand (*2023: AED 50,000 thousand*).

17 Special reserve

The special reserve is created based on Article 241 of Federal Law No. 32 of 2021 on Commercial Companies Law, wherein 10% of the Bank's profit for the year shall be transferred to the special reserve until it reaches 50% of the nominal value of the paid up share capital.

18 Commitments and contingent liabilities

	2024 AED'000	2023 AED'000
Unwithdrawn credit commitments - revocable	**1,335,906**	931,952
Guarantees and letter of credits	**579,206**	277,154

Revocable unwithdrawn credit commitments represent contractual commitments to provide loans and credit facilities which can be cancelled by the Bank unconditionally without any contractual obligations. These commitments have fixed expiration dates or other conditions for cancellation and may require payment of a fee. Due to the possibility of an expiration of these commitments without being withdrawn, the total contractual values of these do not necessarily represent future financial obligation.

Credit guarantees commit the Bank to make payments on behalf of customers contingent upon the failure of the customer to perform under the terms of the contract. In 2023, the Bank entered into an agreement with local banks ("lenders") to provide credit guarantees to the lender's SME customers. As at 31 December 2024, related credit guarantees amounted to AED 268.2 million (2023: AED 264.6 million). The Bank's maximum exposure to credit loss, in the event of non-performance by the other party and where all counterclaims, collateral or security proves valueless, is represented by the contractual nominal amount of these instruments. These commitments and contingent obligations are subject to the Bank's normal credit approval processes.

The Group has issued financial guarantees in favour of other lending banks who have granted loans to the customers of Mohammad Bin Rashid Innovation Fund. The Group also have a reciprocal arrangement with Ministry of Finance to claim the guarantee amount in case of any default by the customer. As at 31 December 2024, MBRIF-related guarantees amounted to AED 9.0 million (*2023: AED 12.5 million*)

There are no other contingencies and commitments as at year-end.

19 Interest income

	2024 AED'000	2023 AED'000
Loans and advances	**321,261**	299,597
Balances and deposits with banks	**331,287**	287,842
Fixed income securities	**98,246**	54,672
Cash and balances with the UAE Central Bank	**76,311**	56,288
	827,105	698,399

20 Interest expense

	2024 AED'000	2023 AED'000
Term borrowings	**184,519**	143,610
Deposits and funds from government institutions	**143,041**	107,951
Due to banks and corporate deposits	**19,897**	63,110
Others	**32,202**	3,950
	379,659	318,621

21 Investment income

	2024 AED'000	2023 AED'000
Dividend income	**23,255**	12,858
Others	**4,467**	3,441
	27,722	16,299

22 Fees and commission income - net

	2024 AED'000	2023 AED'000
Fee from Sheikh Zayed Housing Program	**19,190**	18,810
Fee from Emirates Integrated Registries Company	**9,582**	3,020
Fee from guarantees	**5,145**	4,923
Other Fees - net	**11,424**	8,959
	45,341	35,712

23 Other income

	2024 AED'000	2023 AED'000
Rental income on investment properties (note 10)	**12,353**	11,216
Service charges (note 10)	**(9,092)**	(6,934)
Gain on sale of assets held for sale	**-**	25,739
Other income, net*	**21,371**	6,395
	24,632	36,416

*Other income includes AED 24 million premium recognised on sale of conventional and Islamic home finance portfolio.

24 Operating and administrative expenses

	2024 AED'000	2023 AED'000
General and administrative expenses	**86,978**	68,795
Depreciation and amortisation (note 12)	**12,463**	10,725
	99,441	79,520

25 Impairment charge

	2024 AED'000	2023 AED'000
Allowance for impairment losses/ (reversal of) on:		
- Loans and advances to customers	**67,355**	26,757
- Islamic finance	**(19,238)**	28,339
- Credit guarantees	**9,441**	(2,827)
- Balances and deposits with banks	**(136)**	(92)
- Investment securities at amortised cost	**1,144**	1,400
Write-off	**-**	101
	58,566	53,678

26 Related party transactions and balances

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

Related parties comprise key higher management personnel, and their related companies and the institutions and authorities of the federal government. In the normal course of business, the Group had various transactions with its related parties. Transactions are entered into with related parties on terms and conditions approved by the Group's management.

The Group carries out various transactions in the normal course of business with its shareholder, directors and officers and investee companies. These are conducted at terms agreed by the Directors and management.

Significant balances and transactions with related parties during the year were as follows:

	2024 AED'000	2023 AED'000
a) Related parties' balances		
Cash balances with UAE Central Bank	**2,700,320**	1,222,143
Loans and advances	**2,224,530**	2,940,070
Deposits from governmental institutions	**(1,838,648)**	(3,725,485)
Funds from governmental institutions	**(1,083,576)**	(847,646)
Corporate time deposits	**-**	(205,871)
Borrowing from a related party (note 14)	**(2,721,112)**	-
b) Related parties' transactions during the year		
Key management compensation	**(11,280)**	(11,049)
Directors' remuneration	**(1,950)**	(1,950)
Interest income from loans and deposits	**118,319**	118,165
Fee income	**15,000**	15,000
Interest expense to governmental institutions	**(267,416)**	(111,520)
Interest expense to corporate deposits	**-**	(18,788)
Issuance of paid up capital	**50,000**	50,000

27 Cash and cash equivalents

For the purpose of the cash flows statement, cash and cash equivalents comprise:

	2024 AED'000	2023 AED'000
Cash and balances with UAE Central Bank*	**1,278,065**	1,222,143
Balances and deposits with banks (note 6)	**5,403,168**	6,083,977
	6,681,233	7,306,120
Less: balances with original maturities over three months	**(4,029,776)**	(5,548,503)
	2,651,457	1,757,617

*This includes overnight placements with UAE Central Bank amounting to AED 1,232 million (2022: AED 1,157 million) at a rate of 4.40% (2023: 5.40%)

28 Financial instruments

The fair values and carrying amounts of financial assets and financial liabilities in the consolidated statement of financial position are as follows:

	Amortised cost AED'000	FVTOCI AED'000	FVTPL AED'000	Total AED'000
As at 31 December 2024				
Cash and balances with UAE Central Bank	1,278,065	-	-	1,278,065
Balances and deposits with banks	5,403,168	-	-	5,403,168
Loans and advances to customers	5,074,974	-	-	5,074,974
Islamic finance	117,185	-	-	117,185
Investment securities	2,739,565	377,656	142,023	3,259,244
Derivative financial instruments	-	-	11,699	11,699
Other assets - interest receivable	174,861	-	-	174,861
Total financial assets	14,787,818	377,656	153,722	15,319,196
Derivative financial instruments	-	-	90,587	90,587
Deposits and funds	3,096,916	-	-	3,096,916
Term borrowings	5,474,723	-	-	5,474,723
Other liabilities	866,081	-	-	866,081
Total financial liabilities	9,437,720	-	90,587	9,528,307

28 Financial instruments continued

	Amortised cost AED'000	FVTOCI AED'000	FVTPL AED'000	Total AED'000
As at 31 December 2024				
Cash and balances with UAE Central Bank	1,222,143	-	-	1,222,143
Balances and deposits with banks	6,083,977	-	-	6,083,977
Loans and advances to customers	5,763,291	-	-	5,763,291
Islamic finance	1,661,324	-	-	1,661,324
Investment securities	1,274,395	285,630	138,242	1,698,267
Derivative financial instruments	-	-	37,820	37,820
Other assets - interest receivable	136,301	-	-	136,301
Total financial assets	16,141,431	285,630	176,062	16,603,123
Derivative financial instruments	-	-	37,820	37,820
Deposits and funds	5,340,409	-	-	5,340,409
Term borrowings	5,507,480	-	-	5,507,480
Other liabilities	265,216	-	-	265,216
Total financial liabilities	11,113,105	-	37,820	11,150,925

29 Segment information

The Group along with its subsidiary operates within the United Arab Emirates. The external facing operating segments are Home Finance, Industrial Finance, GRE Programs Treasury & Investments and Property Management. Subsidiaries, legacy and non-customer facing business units are aggregated under "Group" segment.

Through the introduction of funds transfer pricing, there will be increased relevance and importance of segmental basis reporting for capital and resource allocation decisions. The tables provided in note 29 have used simplifying assumptions that will be reviewed in the coming year, which may result in some restatement.

The following business units offer different products and services and are managed separately because they require different strategies.

Home Finance

The Group offers affordable financial solutions to UAE nationals that facilitate their purchase, construction or expansion of a home. The Group provides a variety of customized finance solutions for UAE nationals, including loans complementing the offering of federal and local housing authorities, as well as direct financing products such as mortgage loans or loans for home construction. The Group also administers loans made by the SZHP to its customers - these loans are agreed between the SZHP and the customer, and the Group's role is to disburse the funds which it has received from the MoF on behalf of the SZHP and subsequently administer the loans.

Since EDB's new strategy launched in early 2021, the bank has focused on providing banking solutions and services to Industrial Financing clients. As a consequence of this, EDB Management received Board approval in 2024 to sell a majority of its Housing Finance assets to a counterparty at agreed market terms. As a result, the sale of conventional and Islamic housing finance assets by AED 1.24 billion and AED 1.47 billion respectively were executed in June 2024. Going forward, Home Finance will not be originating new assets and will be managed as a discontinued operating segment.

29 Segment information *continued*

Industrial Finance

The objective of the Industrial Finance unit is to support the UAE development agenda including GDP growth, economic diversification and job creation through providing funding to corporates and small and medium-sized enterprises ("SMEs") which are majority owned by UAE based residents and/ or UAE nationals. The Group offers affordable finance to SMEs and large corporates in the form of asset-backed financing, purchase financing (pre-sales financing), trade finance, receivables financing (post-sales financing); business expansion loan and project financing. Through the addition of Cash Management and EDB 360 channels, customer-based deposits will become a core product offering in 2025.

Investments and Treasury

The role of Investments and Treasury is to invest funds the Group has set aside for deployment into liquid assets. The department seeks to achieve portfolio diversification by maintaining high quality assets portfolio focused on achieving strong and sustainable returns. Through treasury liabilities products, the Group also aims to obtain long-term, risk-free, stable deposits with market participants in order to partially fund its assets and develop sustainable long-term relationships. Risk Management solutions are also offered to some clients via this business unit within Board approved limits.

GRE Programs

Sheikh Zayed Housing Program

The Bank under an agreement as referred in note 13, provides certain services which include receiving funds pertaining to the Program and providing these funds to beneficiaries in the form of housing loans, as per the terms agreed by the Program and beneficiary, then administering the loans as per agreement. Additionally, the Bank is to make progress disbursements for housing projects and other financial aid to UAE nationals as well as manage the recovery services of the loans. In exchange of such services, the Bank charge service fee to the Program.

The Ministry of Finance transfers the funds allocated to the Program to the current account of the Group with the UAE Central Bank. The Program earns interest on the funds invested with the Group as per the agreement signed.

The substantial risk and rewards associated with the Program's funds rest with the Group. Therefore, the funds of the Program under the management of the Bank are disclosed as part of the assets (call account and placements) of the Group. The Program loans, however, do not carry any risk to the Bank and therefore are not included in the Group's consolidated statement of financial position.

Ministry of Finance - Sheikh Mohammed bin Rashid Innovation Fund "The Fund"

The Bank has been appointed by the Ministry of Finance (MoF) to act as the administrative host and operator. Thus, there is a trilateral agreement between the three parties (the Fund, MoF, and the Bank). Under the agreement, the Bank is also entitled to a management fee in exchange of services provided to Fund. The scope of the Bank's responsibilities has already been outlined in note 13 to these consolidated financial statements.

Property Management

The Group also own and manage certain residential and commercial properties from which rental income is generated.

Group

The Group operating segment houses group funding used to support the funding requirements of operating segments and its subsidiaries, along with legacy non-performing assets and costs from non-client facing departments.

29 Segment information continued

Group continued

The following is an analysis of the Group's revenue and results by operating segments:

For the year ended 31 December 2024	Home Finance	Industrial Finance	GRE Programs	Property Management	Investments & Treasury	Group	Total
Net interest income / profit from islamic financing	**19,237**	**44,233**	**26,262**	**(26,108)**	**(8,627)**	**450,230**	**505,227**
Non-interest income / (loss)	21,959	16,673	19,190	3,262	27,722	8,889	97,695
Reportable segment operating income /(loss)	**41,196**	**60,906**	**45,452**	**(22,846)**	**19,095**	**459,119**	**602,922**
Operating expenses	**(5,109)**	**(45,617)**	**(240)**	**(250)**	**(8,316)**	**(204,758)**	**(264,290)**
Impairment charge	29,769	(37,928)	145	-	(1,008)	(49,544)	(58,566)
Profit/ (loss) before fair value changes	**65,856**	**(22,639)**	**45,357**	**(23,096)**	**9,771**	**204,817**	**280,066**
Fair value changes	-	-	-	22,153	4,701	-	26,854
Net profit / (loss) before tax for the year	**65,856**	**(22,639)**	**45,357**	**(943)**	**14,472**	**204,817**	**306,920**
Income tax	(5,748)	1,976	(3,959)	82	(1,263)	(17,875)	(26,787)
Net profit / (loss) after tax	**60,108**	**(20,663)**	**41,398**	**(860)**	**13,209**	**186,942**	**280,133**
As at 31 December 2024							
Total Assets	**204,954**	**2,851,090**	**2,234,848**	**501,511**	**8,824,100**	**1,290,776**	**15,907,279**
Total Liabilities	**25,110**	**181,798**	**1,104,043**	**2,574**	**1,966,881**	**6,247,901**	**9,528,307**

For the year ended 31 December 2023	Home Finance	Industrial Finance	GRE Programs	Property Management	Investments & Treasury	Group	Total
Net interest income / profit from islamic financing	39,406	73	6,409	(26,121)	(24,579)	502,308	497,496
Non-interest income / (loss)	(430)	14,312	18,810	4,282	16,299	35,154	88,427
Reportable segment operating income /(loss)	38,976	14,385	25,219	(21,839)	(8,280)	537,462	585,923
Operating expenses	(6,071)	(28,690)	(240)	(250)	(8,615)	(160,753)	(204,619)
Impairment charge	(54,976)	4,549	(235)	-	(1,308)	(1,708)	(53,678)
Profit/ (loss) before fair value changes	(22,071)	(9,756)	24,744	(22,089)	(18,203)	375,001	327,626
Fair value changes	-	-	-	(464)	1,459	-	995
Net profit / (loss) before tax for the year	(22,071)	(9,756)	24,744	(22,553)	(16,744)	375,001	328,621
Income tax	-	-	-	-	-	-	-
Net profit / (loss) after tax	(22,071)	(9,756)	24,744	(22,553)	(16,744)	375,001	328,621
As at 31 December 2023							
Total Assets	3,084,254	1,443,511	2,949,897	479,344	7,855,095	1,333,627	17,145,728
Total Liabilities	41,009	772,171	908,134	2,418	3,763,305	5,663,888	11,150,925

30 Assets held for sale

During the year 2022, the Board of Directors had resolved to dispose the properties held by the bank under property and equipment and decided to recover their carrying values through sale rather than continuing use. As of 31 December 2022, the Group's Abu Dhabi building previously classified under property and equipment has been recognized as assets held for sale due to progress on the sale of this property and on receipt of market competitive offers from potential buyers, management was of the view that sale will be highly probable in the next 12 months and the asset is immediately available for sale in its present condition.

Assets held for sale includes the Group's building in the Emirate of Abu Dhabi which is constructed on a land granted by the government of Abu Dhabi in the year 2000 for no consideration. This land was booked at nominal amount of AED 1. During the year ended 31 December 2023, the Bank received the disposal proceeds, net of disposal costs amounting to AED 37.2 million, higher than the carrying value.

31 Derivative financial instruments

The table below shows the positive (assets) and negative (liabilities) fair values of derivative financial instruments.

	Positive fair value AED'000	Negative fair value AED'000	Notional Value AED'000
31 December 2024			
Derivatives designated as fair value hedges			
Interest rate swaps	-	(68,047)	2,800,000
Derivatives not designated for hedges			
Interest rate swaps	11,622	(22,463)	1,099,357
Interest rate caps	77	(77)	52,169
	11,699	(90,587)	3,951,526

	Positive fair value AED'000	Negative fair value AED'000	Notional Value AED'000
31 December 2023			
Derivatives designated as fair value hedges			
Interest rate swaps	37,636	(37,636)	431,820
Interest rate caps	184	(184)	94,079
	37,820	(37,820)	525,899

The Group has offered their customers with an opportunity of risk mitigating solutions to help manage their interest rate exposure related to their borrowing with the Group. These solutions includes hedging the interest rate fluctuations through financial derivatives such as interest rate swaps and interest rate cap with a back to back counter arrangement with other financial intuitions and banks.

The notional amounts indicate the volume of transactions and are neither indicative of the market risk nor credit risk.

32 Income Tax

On December 9, 2022, the United Arab Emirates (UAE) Ministry of Finance (MoF) released Federal Decree Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law (CT Law) to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after June 1, 2023. As the Group's accounting year ends on December 31, the first tax period is from January 1, 2024 to December 31, 2024, with the respective tax return to be filed on or before September 30, 2025.

Below is the summary of total income tax expense recognised in consolidated income statement:

	2024 AED'000	2023 AED'000
Current tax on income for the year	**26,787**	-
Income tax recognised in the consolidated statement of profit or loss	**26,787**	-
Non-reclassifying item		
Current tax		
Fair value gain on financial assets at FVTOCI	**5,043**	-
Income tax recognised in the consolidated statement of other comprehensive income	**5,043**	-
Reconciliation of tax expense		
Profit before tax	**306,920**	-
Income tax at 9% statutory rate	**27,623**	-
Effects of		
Non-deductible expenses	**57**	-
Rate differential – UAE AED 375k threshold taxed at 0%	**(68)**	-
Exempt income	**(1,366)**	-
Unrecognised deferred tax asset	**523**	-
Other	**18**	-
Net tax charge	**26,787**	-

	2024 AED'000	2023 AED'000
Unrecognised deferred tax asset		
Unused tax losses	**5,808**	-
	5,808	-

32 Income Tax continued

The Tax rate applicable in the UAE is 9% (2023: 0%) for taxable profits exceeding AED 375,000. It is not currently foreseen that the Group's UAE operations will be subject to the application of the Global Minimum Tax rate of 15% in FY2024. The application is dependent on the implementation of Base Erosion Profit Shifting (BEPS 2) - Pillar Two rules by the countries where the Group operates and the enactment of Pillar Two rules by the UAE MoF.

The board of directors of Bank's subsidiary (EGF) is applying the principle of conservatism, and have not taken impact of losses incurred on computation of income tax in these consolidated financial statements.

The income tax charge of the group for the year ended 31 December 2024 is AED 26.8 million (31 December 2023: AED nil), representing Effective Tax Rate ("ETR") of 8.7% (31 December 2023: AED nil).

The current tax liability have been presented as part of other liabilities in the consolidated financial statements.

EDB

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