Ajman Bank PJSC

Report and consolidated financial statements
For the year ended 31 December 2024

These audited consolidated financial statements are subject to Central Bank of UAE approval and adoption by shareholders at the Annual General Meeting.

BOARD OF DIRECTORS' REPORT

The Board of Directors has pleasure in submitting their report and the audited consolidated financial statements for the year ended 31 December 2024.

Incorporation and registered offices

Ajman Bank PJSC was incorporated as a Public Joint Stock Company listed on Dubai Financial Market. The registered address of the Bank is P.O. Box 7770, Ajman, United Arab Emirates. The Bank was legally incorporated on 17 April 2008 and was registered with the Securities and Commodities Authority on 12 June 2008 and obtained a license from the Central Bank of the UAE to operate as a Head Office on 14 June 2008. On 1 December 2008, the Bank obtained a branch banking license from UAE Central Bank and commenced its operations on 22 December 2008.

The Bank and its subsidiary (Skyrise Properties (S.P.S - L.L.C)), which was incorporated by the Bank on 19 January 2024 to undertake the activities of real estate brokerage and property management services, form the "Group" and are together referred to as the "Group".

Principal activities

The principal activities of the Bank are to undertake banking, financing and investing activities through various Islamic financing and investment products such as Murabaha, Ijarah, Mudaraba, Musharaka, Wakala and Sukuk. The activities of the Bank are conducted in accordance with the Islamic Shariah principles and within the provisions of its Memorandum and Articles of Association.

Basis of preparation of consolidated financial statements

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and the applicable requirements of United Arab Emirates laws, including the UAE Federal Decree Law No. 32 of 2021 and Decretal Federal Law No.14 of 2018.

Financial commentary

The Group's results for the year 2024 showed strong financial performance as follows:

- Profit before tax is AED 440 million and profit after tax increased to AED 401 million for the year 2024 (respectively up by 213% and up by 203%) as compared to net loss for the year 2023 amounting AED 390 million.
- Total equity of the Group increased to AED 3.1 billion (up by 16%) as compared to AED 2.7 billion in 2023 which reflected positively on capital adequacy ratio (CAR) of the Bank which is 19.10% (improved by 348 basis points) as compared to 15.62% in 2023.
- Provision for expected credit losses (including impairment of associate and non-financial assets) decreased from AED 878 million in 2023 to AED 73 million of write-back of expected credit losses of in 2024 (down by 108%) supported by successful resolution of 31% of the non-performing exposure. This also help the bank to recover 19.3% of stage 3 provision, ECL coverage ratio doubled from 1.0% to 2.1%.
- The bank continued to diversify its portfolio bringing the risk based real estate concentration down by 7.3%, while increasing exposure to high quality assets
- General and administrative expenses amounted to AED 118 million (down by 15%) compared to AED 124 million in the year 2023.

- Total assets of the Group amounted to AED 22.8 billion and total liabilities amounted to AED 19.7 billion as at 31 December 2024.
- Islamic financing and investing assets (including due from banks and other financial institutions) stood at AED 15.4 billion and Islamic customers' deposits (including due to banks and other financial institutions) are AED 19.0 billion.

Board of Directors

The following are the Directors of the Group as at 31 December 2024:

H.H. Sheikh Ammar Bin Humaid Bin Rashed Al Nuaimi	Chairman
H.H Sheikh Rashed Bin Humaid Bin Rashed Al Nuaimi	Vice Chairman
Mr. Abdulla Mohammed Hassan Mohammed Al Hosani	Board Member
Mr. Mahmood Khaleel Ahmed Al Sayed Al Hashmi	Board Member
Mr. Faisal Hassan Ibrahim Galadari	Board Member
Mr. Ali Rashed Humaid Al Mazroei	Board Member
Mrs. Sarah Ahmed Abdulrahman Aljarman	Board Member

Auditors

The consolidated financial statements for the year ended 31 December 2024 have been audited by Deloitte & Touche (M.E.).

By order of the Board of Directors

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H.H. Sheikh Ammar Bin Humaid Bin Rashed Al Nuaimi

Chairman

22 January 2025

Ajman Bank PJSC

Independent auditor's report and consolidated financial statements
For the year ended 31 December 2024

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Deloitte.

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INDEPENDENT AUDITOR'S REPORT

The Shareholders
Ajman Bank PJSC
Ajman
United Arab Emirates

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Ajman Bank PJSC ("the Bank") and its subsidiary (together "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 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 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 of 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 United Arab Emirates, and we have fulfilled our other ethical responsibilities. 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 judgment, 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.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Ajman Bank PJSC (continued)

Key Audit Matters (continued)

Key audit matter	**How our audit address the key audit matter**
Allowance for expected credit loss on Islamic financing and investing assets	
The Group's Islamic financing and investing assets are carried in the consolidated statement of financial position at AED 13 billion as at 31 December 2024. The expected credit loss ("ECL") allowance was AED 846 million as at this date, which comprised an allowance of AED 368 million against Stage 1 and 2 exposures and an allowance of AED 478 million against exposures classified under Stage 3. The audit of the impairment of Islamic financing and investing assets is a key area of focus because of its size (representing 57% of total assets) and due to the significance and complexity of the estimates and judgments, which were used in classifying Islamic financing and investing assets into various stages and determining the ECL allowance. Accordingly this is considered a key audit matter. The consolidated financial statement risk arises from several aspects requiring substantial judgement of management, such as the estimation of probabilities of default and loss given defaults for various stages such as the determination of significant increases in credit risk (SICR) and credit-impairment status (default), the use of different modelling techniques and consideration of manual adjustments. The corporate portfolio of Islamic Financing and Investing assets is assessed individually for significant increase in credit risk ("SICR") and measurement of ECL. This requires management to capture all qualitative and quantitative reasonable and supportable information while assessing SICR, or while assessing credit-impaired criteria for the exposure. Management judgement is also applied in manually overriding stages in accordance with the Group's policies.	We obtained a detailed understanding of the Group's Islamic financing and investing assets business processes including the critical accounting estimates and judgments used by management. This understanding enabled us to perform audit procedures on the computation and reasonableness/appropriateness of the ECL models. We have involved our subject matter experts to assist us in auditing the relevant ECL models as at 31 December 2024. We assessed the relevant controls in the abovementioned business process to determine if they were appropriately designed and implemented. We understood and evaluated the relevant ECL models by involving our subject matter experts to determine if they were in compliance with the requirements of IFRS Accounting Standards. We tested the mathematical integrity of the relevant ECL models by performing recalculations on a sample basis. We assessed the consistency of various inputs and assumptions used by the Group's management to determine impairment. For allowances against exposures classified as Stage 1 and Stage 2, we obtained an understanding of the Group's methodology to determine the allowance, assessed the underlying relevant assumptions and the sufficiency of the data used by management. We assessed the Group's determination of SICR and the resultant basis for classification of exposures into various stages. For samples of exposures, we assessed the Group's staging criteria, including the basis for movement between stages. Furthermore, we evaluated post – model adjustment and management overlay. We selected samples of Islamic financing and investing assets and assessed the accuracy of the EAD, appropriateness of the PD and calculations of the LGD used by management in their ECL calculations and verified the integrity of data used as inputs to the models for these samples.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Ajman Bank PJSC (continued)

Key Audit Matters (continued)

Key audit matter	**How our audit address the key audit matter**
Allowance for expected credit loss on Islamic financing and investing assets (continued)	
The measurement of ECL for exposures classified as Stage 1 and Stage 2 are carried out by the models with limited manual intervention. However, it is important that models and its parameters (Probability of Default (PD), Loss Given Default (LGD), Exposure at Default (EAD) and macroeconomic adjustments) are valid throughout the reporting period and are subject to a validation process. The exposures are classified as impaired as soon as there is doubt about the borrower's ability to meet payment obligations to the Group in accordance with the original contractual terms. Impaired Islamic financing and investing assets for the corporate portfolio are measured on the basis of the present value of expected future cash flows including observable market prices and the fair value of the collateral. The impairment loss is calculated based on the shortfall in the Islamic financing and investing assets carrying value compared to the net present value of future cash flows using the original effective profit rate. The factors considered when determining impairment losses on individually assessed accounts include the customer's aggregate borrowings, risk rating, value of the collateral and probability of successful repossession and the costs involved to recover the debts. Refer to note 4 to the consolidated financial statements for the accounting policy, note 5 for critical judgements and estimates and note 6 for disclosures on credit risk.	For exposures determined to be individually impaired i.e. stage 3, we tested samples of Islamic financing and investing assets and assessed management's estimates of future cash flows and the resultant allowance calculations. We challenged the assumptions underlying the expected credit loss allowance calculations, such as estimated credit risk mitigation through discounted cash flows including collateral and estimates of recovery as well as considered the consistency of the Group's application of its provisioning policy. We also assessed the relevant disclosures in the consolidated financial statements to determine if they were in compliance with the requirements of IFRS Accounting Standards.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Ajman Bank PJSC (continued)

Other Information

Management is responsible for the other information. The other information comprises the Board of Directors' report which we obtained prior to the date of this auditors' report and the Fatwa and Sharia Supervision Board's report which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

When we read the remaining information of the annual report of the Group, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Other Matter

The financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 14 February 2024.

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 Decree Law No. (32) of 2021, 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.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Ajman 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 ISA's, we exercise professional judgement and maintain professional skepticism 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 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 disclosure 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 represents 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.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Ajman Bank PJSC (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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 and regulations preclude 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.

Report on Other Legal and Regulatory Requirements

As required by the UAE Federal Decree Law No. (32) of 2021, we report that for the year ended 31 December 2024:

- we have obtained all the information we considered necessary for the purposes of our audit;
- the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021;
- the Bank has maintained proper books of account;
- the financial information included in the Directors' report is consistent with the Bank's books of account;
- note 13 to the financial statements of the Bank discloses its investments in shares during the financial year ended 31 December 2024;

  note 31 to the financial statements of the Bank discloses material related party transactions, the terms under which they were conducted and principles of managing conflict of interests;
- note 35 to the financial statements discloses social contributions made during the financial year ended 31 December 2024; and
- based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Bank has contravened during the financial year ended 31 December 2024 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2024.

Further, as required by Article (114) of the Decretal Federal Law No. (14) of 2018, we report that we have obtained all the information and explanations we considered necessary for the purpose of our audit.

Deloitte & Touche (M.E.)

Firas Anabtawi
Registration No. 5482
22 January 2025
Dubai
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 Central Bank	9	**2,459,522**	4,467,728
Due from banks and other financial institutions	10	**2,400,828**	1,714,027
Islamic financing and investing assets, net	11	**12,959,402**	13,775,993
Islamic investment securities at amortised cost	12	**-**	263,029
Islamic investment securities at fair value	13	**3,694,208**	2,781,228
Investment properties	14	**391,545**	385,755
Property and equipment	15	**136,414**	125,787
Other Islamic assets	16	**812,429**	1,421,985
Total assets		**22,854,348**	24,935,532
LIABILITIES AND EQUITY			
Liabilities			
Islamic customers' deposits	17	**18,061,567**	19,724,748
Due to banks and other financial institutions	18	**979,651**	1,604,754
Other liabilities	19	**701,320**	931,078
Total liabilities		**19,742,538**	22,260,580
Equity			
Share capital	20	**2,723,500**	2,723,500
Treasury shares	20	**(34,478)**	(27,675)
Statutory reserve	21	**277,753**	253,676
Investment fair value reserve		**(218,075)**	(276,735)
General impairment reserve	22	**-**	60,835
Retained earnings / (accumulated losses)		**363,110**	(58,649)
Total equity		**3,111,810**	2,674,952
Total liabilities and equity		**22,854,348**	24,935,532

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements present fairly, in all material respects, the financial position, financial performance and cash flows of the Group.

....
H.H. Sheikh Ammar Bin Humaid Al Nuaimi
Chairman

....
Mustafa Al Khalfawi
Chief Executive Officer

Consolidated statement of profit or loss
for the year ended 31 December 2024

	Notes	2024 AED'000	2023 AED'000
Operating income			
Income from Islamic financing and investing assets	23	**1,172,374**	1,210,033
Income from Islamic investment securities	24	**138,072**	169,756
Fees, commission and other income	25	**190,708**	179,982
Total operating income before depositors' share of profit		**1,501,154**	1,559,771
Depositors' share of profits		**(764,947)**	(702,245)
Net operating income		**736,207**	857,526
Expenses			
Staff costs	26	**(251,410)**	(245,583)
General and administrative expenses	27	**(94,820)**	(95,878)
Depreciation of property and equipment	15	**(23,438)**	(28,520)
Impairment of associates		**-**	(88,703)
Write-back of / (provision for) expected credit losses on financial assets	28	**73,240**	(730,018)
Impairment loss on non-financial assets		**-**	(59,183)
Total expenses		**(296,428)**	(1,247,885)
Profit/(loss) before tax		**439,779**	(390,359)
Income tax expense	37	**(39,129)**	-
Profit/(loss) for the year		**400,650**	(390,359)
Basic and diluted earnings/(loss) per share (AED)	29	**0.163**	(0.153)

The accompanying notes 1 to 38 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
for the year ended 31 December 2024

	2024 AED'000	2023 AED'000
Profit/(loss) for the year	**400,650**	(390,359)
Other comprehensive income/(loss):		
Items that will not be reclassified subsequently to the statement of profit or loss		
Fair value gain on equity securities at FVTOCI, net of current taxes	**1,893**	15,402
	1,893	15,402
Items that will be reclassified subsequently to the statement of profit or loss		
Fair value gain on Sukuk investment securities at FVTOCI, net of deferred taxes	**60,655**	50,189
Reclassification to the consolidated statement of profit or loss	**(3,549)**	(2,542)
	57,106	47,647
Other comprehensive income for the year	**58,999**	63,049
Total comprehensive income/(loss) for the year	**459,649**	(327,310)

The accompanying notes 1 to 38 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2024

	Share capital AED'000	Treasury shares AED'000	Statutory reserve AED'000	Investment fair value reserve AED'000	General impairment reserve AED'000	(Accumulated losses) retained earnings AED'000	Total AED'000
At 1 January 2023	2,100,000	-	286,331	(334,393)	105,810	357,329	2,515,077
Loss for the year	-	-	-	-	-	(390,359)	(390,359)
Other comprehensive income	-	-	-	63,049	-	-	63,049
Total comprehensive income (loss) for the year	-	-	-	63,049	-	(390,359)	(327,310)
Issuance of share capital (Note 20)	550,000	-	-	-	-	-	550,000
Issuance cost of share capital (Note 20)	-	-	-	-	-	(2,485)	(2,485)
Issuance of stock dividends (Note 20)	73,500	-	-	-	-	(73,500)	-
Treasury shares (Note 20)	-	(27,675)	(32,655)	-	-	-	(60,330)
Transfer on disposal of equity instruments at FVTOCI	-	-	-	(5,391)	-	5,391	-
Transfer from general impairment reserve (Note 22)	-	-	-	-	(44,975)	44,975	-
At 31 December 2023	2,723,500	(27,675)	253,676	(276,735)	60,835	(58,649)	2,674,952
Profit for the year	-	-	-	-	-	400,650	400,650
Other comprehensive income	-	-	-	58,999	-	-	58,999
Total comprehensive income for the year	-	-	-	58,999	-	400,650	459,649
Treasury shares (Note 20)	-	(6,803)	(15,988)	-	-	-	(22,791)
Transfer on disposal of equity instruments at FVTOCI	-	-	-	(339)	-	339	-
Transfer to statutory reserve (Note 21)	-	-	40,065	-	-	(40,065)	-
Transfer from general impairment reserve (Note 22)	-	-	-	-	(60,835)	60,835	-
At 31 December 2024	**2,723,500**	**(34,478)**	**277,753**	**(218,075)**	**-**	**363,110**	**3,111,810**

The accompanying notes 1 to 38 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/(loss) before tax for the year		**439,779**	(390,359)
Adjustments for:			
Depreciation of property and equipment	15	**23,438**	28,520
Amortisation of discount on Islamic investment securities at amortised cost		**(187)**	(106)
(Write-back of) / provision for credit loss expense on financial assets	28	**(73,240)**	730,018
Income from Islamic investment securities		**(120,748)**	(165,018)
Write-off of property and equipment		**-**	446
Impairment loss on non-financial assets		**-**	59,183
Fair value gain on investment properties	14	**(3,700)**	(24)
Realized gain on disposal of Islamic investment securities		**(8,940)**	(4,620)
Impairment of associates		**-**	88,703
Gain on disposal of property and equipment		**-**	(7,130)
Operating cash flows before changes in operating assets and liabilities		**256,402**	339,613
Changes in operating assets and liabilities:			
Islamic financing and investing assets		**598,523**	(1,411,541)
Due from banks and other financial institutions		**(126,866)**	297,738
Statutory deposit with the Central Bank		**(212,425)**	(241,882)
International Murabahat with the Central Bank		**1,500,000**	(1,220,000)
Other Islamic assets		**610,022**	(198,713)
Islamic customers' deposits		**(1,663,181)**	3,392,772
Due to banks and other financial institutions		**(625,103)**	(387,019)
Other liabilities		**16,116**	211,477
Net cash generated from operating activities		**353,488**	782,445
Cash flows from investing activities			
Purchase of Islamic investment securities		**(1,387,090)**	(620,251)
Proceeds from sale of Islamic investment securities		**794,287**	104,984
Purchase of property and equipment	15	**(34,065)**	(31,081)
Proceeds from disposal of property and equipment		**-**	10,539
Profit income on Islamic investment securities		**134,300**	126,362
Additions to investment properties	14	**(2,090)**	(4,667)
Net cash used in investing activities		**(494,658)**	(414,114)
Cash flows from financing activities			
Issuance of share capital		**-**	550,000
Issuance cost of share capital		**-**	(2,485)
Treasury shares		**(22,791)**	(60,330)
Net cash (used in)/generated from financing activities		**(22,791)**	487,185
Net (decrease)/increase in cash and cash equivalents		**(163,961)**	855,516
Cash and cash equivalents as at 1 January		**1,981,413**	1,125,897
Cash and cash equivalents as at 31 December	30	**1,817,452**	1,981,413

The accompanying notes 1 to 38 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements
For the year ended 31 December 2024

1. General information

Ajman Bank PJSC (the "Bank") was incorporated as a Public Joint Stock Company listed on Dubai Financial Market. The registered address of the Bank is P.O. Box 7770, Ajman, United Arab Emirates ("UAE"). The Bank was legally incorporated on 17 April 2008 and was registered with the Securities and Commodities Authority ("SCA") on 12 June 2008 and obtained a license from the Central Bank of the UAE to operate as a Head Office on 14 June 2008. On 1 December 2008, the Bank obtained a branch banking license from UAE Central Bank and commenced its operations on 22 December 2008.

In addition to its Head office in Ajman, the Bank operates through nine branches and three pay offices in the UAE. The consolidated financial statements combine the activities of the Bank's head office and its branches.

The principal activities of the Bank are to undertake banking, financing and investing activities through various Islamic financing and investment products such as Murabaha, Ijarah, Mudaraba, Musharaka, Wakala and Sukuk. The activities of the Bank are conducted in accordance with the Islamic Shariah principles and within the provisions of its Memorandum and Articles of Association.

These consolidated financial statements combines the activities of the Bank's head office, its branches and its subsidiary as disclosed below.

The Bank and its following subsidiary, which was incorporated by the Bank on 19 January 2024, form the "Group" and are together referred to as the "Group" in these consolidated financial statements. The subsidiary included in these consolidated financial statements, its principal activities and legal and beneficial ownership are set out below:

Name of Subsidiary	**Ownership interest**		**Country of incorporation**	**Principal activities**
	2024	2023		
Skyrise Properties (S.P.S - L.L.C)	**100%**	-	UAE	Real estate brokerage and property management services

2. Application of new and revised IFRS Accounting Standards

2.1 New and revised IFRS Accounting Standards applied on the consolidated financial statements

The following new and revised IFRS Accounting Standards, which became effective for annual periods beginning on or after 1 January 2024, have been adopted in these financial statements. The application of these revised IFRS Accounting Standards has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 1 Presentation of Financial Statements relating to classification of liabilities as current or non-current;
- Amendments to IFRS 16 Leases relating to lease liability in a sale and leaseback transaction;
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information; and
- IFRS S2 Climate Related Disclosures.

2. Application of new and revised IFRS Accounting Standards (continued)

2.2 New and revised IFRS Accounting Standards in issue but not yet effective

The Group has not early adopted the following new and revised standards that have been issued but are not yet effective. The management is in the process of assessing the impact of the new requirements.

New and revised IFRS Accounting Standards	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	01 January 2025
IFRS 18 *Presentation and Disclosures in Financial Statements*	01 January 2027
Amendment to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* relating to treatment of sale or contribution of assets from investors	Effective date deferred indefinitely.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's financial statements for the period of initial application and adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the Bank in the period of initial application.

3. Definitions

The following terms are used in the consolidated financial statements with the meaning specified:

Murabaha

Murabaha in banking practice is a contract whereby the Group (the "Seller") sells an asset to its customer (the "Purchaser"), on a deferred payment basis, after purchasing the asset and gaining possession thereof and title thereto, where the Seller has purchased and acquired that asset, based on a promise received from the Purchaser to buy the asset once purchased according to specific Murabaha terms and conditions. The Murabaha sale price comprises the cost of the asset and a pre-agreed profit amount. Murabaha profit is internally accounted for on a time-apportioned basis over the period of the contract based on the principal amount outstanding. The Murabaha sale price is paid by the Purchaser to the Seller on an installment basis over the period of the Murabaha as stated in the contract.

Wakala

Wakala is an agreement between two parties whereby one party is a fund provider (the "Muwakkil") who provides a certain amount of money (the "Wakala Capital") to an agent (the "Wakeel"), who invests the Wakala Capital in a Shariah compliant manner and according to the feasibility study or investment plan submitted to the Muwakkil by the Wakeel. The Wakeel is entitled to a fixed fee (the "Wakala Fee") as a lump sum amount or a percentage of the Wakala Capital. The Wakeel may be granted any excess over and above a certain pre-agreed rate of return as a performance incentive. In principle the Wakala profit is distributed on declaration or distribution by the Wakeel. However, since the Wakala profit is always reliably estimated it is internally distributed on a time-apportioned basis over the Wakala tenure based on the Wakala Capital outstanding. The Wakeel would bear the loss in case of its misconduct, negligence or violation of any of the terms and conditions of the Wakala Agreement; otherwise the loss would be borne by the Muwakkil, provided the Muwakkil receives satisfactory evidence that such loss was due to force majeure and that the Wakeel neither was able to predict the same nor could have prevented the negative consequences of the same on the Wakala. Under the Wakala agreement the Group may act either as Muwakkil or as Wakeel, as the case may be.

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

3. Definitions (continued)

Istisna'

Istisna' is a sale contract between two parties whereby the Group (the "Sani" or "Seller") undertakes to construct, for its customer (the "Mustasni" or "Purchaser"), a specific asset or property (being "Al-Masnoo") according to certain pre-agreed specifications to be delivered during a pre-agreed period of time in consideration of a pre-determined price, which comprises the cost of construction and a profit amount. The work undertaken is not restricted to be accomplished by the Sani' alone and the whole or part of the construction or development can be undertaken by third parties under the control and responsibility of the Sani'. Under an Istisna' contract, the Group could be the Sani' or the Mustasni'. Istisna'a profit (difference between the sale price of Al-Masnoo to the customer and the Group's total Istisna'a cost) is internally accounted for on a time-apportioned basis over the period of the contract based on the principal amount outstanding.

Mudaraba

Mudaraba is a contract between two parties whereby one party is a fund provider (the "Rab Al Mal") who would provide a certain amount of funds (the "Mudaraba Capital"), to the other party (the "Mudarib"). Mudarib would then invest the Mudaraba Capital in a specific enterprise or activity deploying its experience and expertise for a specific pre-agreed share in the resultant profit, if any. The Rab Al Mal is not involved in the management of the Mudaraba activity. In principle the Mudaraba profit is distributed on declaration or distribution by the Mudarib. However, since the Mudaraba profit is always reliably estimated it is internally distributed on a time-apportioned basis over the Mudaraba tenure based on the Mudaraba Capital outstanding. The Mudarib would bear the loss in case of its misconduct, negligence or violation of any of the terms and conditions of the Mudaraba contract; otherwise the loss would be borne by the Rab Al Mal, provided the Rab Al Mal receives satisfactory evidence that such loss was due to force majeure and that the Mudarib neither was able to predict the same nor could have prevented the negative consequences of the same on the Mudaraba. Under the Mudaraba contract the Group may act either as Mudarib or as Rab Al Mal, as the case may be.

Musharaka

Musharaka is an agreement between the Group and its customer, whereby both parties contribute towards the capital of the Musharaka (the "Musharaka Capital"). The Musharaka Capital may be contributed in cash or in kind, as valued at the time of entering into the Musharaka. The subject of the Musharaka may be a certain investment enterprise, whether existing or new, or the ownership of a certain property either permanently or according to a diminishing arrangement ending up with the acquisition by the customer of the full ownership. The profit is shared according to a pre-agreed profit distribution ratio as stipulated under the Musharaka agreement. In principle Musharaka profit is distributed on declaration or distribution by the managing partner. However, since the Musharaka profit is always reliably estimated, it is internally distributed on a time-apportioned basis over the Musharaka tenure based on the Musharaka Capital outstanding. Whereas the loss, if any, is shared in proportion to their capital contribution ratios, provided in the absence of the managing partner's negligence, breach or default, the Group receives satisfactory evidence that such loss was due to force majeure and that the managing partner neither was able to predict the same nor could have prevented the negative consequences of the same on the Musharaka.

Ijarah

Ijarah is an agreement whereby the Group (the "Lessor") leases an asset to its customer (the "Lessee") (after purchasing or acquiring the specified asset, either from a third party seller or from the customer itself, according to the customer's request and based on his promise to lease), against certain rental payments for specific lease term or periods, payable on fixed or variable rental basis.

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

3. Definitions (continued)

Ijarah (continued)

The Ijarah agreement specifies the leased asset, duration of the lease term, as well as, the basis for rental calculation and the timing of rental payment. The Lessee undertakes under this agreement to renew the lease periods and pay the relevant rental payment amounts as per the agreed schedule and applicable formula throughout the lease term.

The Lessor retains the ownership of the asset throughout the lease term. At the end of the lease term, upon fulfillment of all the obligations by the Lessee under the Ijarah agreement, the Lessor will sell the leased asset to the Lessee at nominal value based on a sale undertaking given by the Lessor.

Ijarah rentals accrue upon the commencement of the lease and continues throughout the lease term based on the outstanding fixed rentals (which predominantly represent the cost of the leased assets).

Sukuk

Sukuk are certificates of equal value representing undivided shares in ownership of tangible assets, usufruct and services or (in the ownership of) the assets of particular projects or special investment activity. The Group may invest in Sukuk in the secondary market or participate in new Sukuk or issue Sukuk.

4. Material accounting policy information

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards and the applicable requirements of United Arab Emirates laws, including the UAE Federal Decree Law No. 32 of 2021 and Decretal Federal Law No.14 of 2018.

(b) Basis of preparation

The consolidated financial statements of the Group have been prepared on the historical cost basis except for certain financial instruments and investment properties that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for assets, goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account when pricing the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value such as value in use in IAS 36.

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

4. Material accounting policy information (continued)

(b) Basis of preparation (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than that quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The consolidated financial statements are presented in Arab Emirates Dirham (AED) and all values are rounded to the nearest thousands dirham, except when otherwise indicated.

The principal accounting policies are set out below:

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, unrestricted balances held with central and other banks and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of change in their fair value, and are used by the Group in the management of its short term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(d) Due from banks

Due from banks are stated at cost less any amounts written-off and allowance for impairment, if any.

(e) Financial instruments

Financial assets and liabilities are recognised when Bank becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

4. Material accounting policy information (continued)

(e) Financial instruments (continued)

Business model assessment

The Group makes an assessment of the objective of a business model in which an 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. In particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- 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 - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected
- The frequency, volume and timing of sales in prior periods, the reasons for such sales; and
- Its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Specifically:

(i) financing instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and profit on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;

(ii) financing instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income (FVTOCI);

(iii) all other financing instruments (e.g. instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL. However, the Group may make the following irrevocable election/designation at initial recognition of a financial asset on an asset-by-asset basis;

(iv) the Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, in other comprehensive income (OCI); and

(v) the Group may irrevocably designate a financing instruments that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

4. Material accounting policy information (continued)

(e) Financial instruments (continued)

Financial assets (continued)

Islamic financing and investing assets

Islamic financing and investing assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financing and receivables (including cash and cash equivalents, Islamic finance receivables, due from banks and other financial institutions, and other receivables) are measured at amortised cost using the effective profit method, less any impairment.

Profit income is recognised by applying the effective profit rate.

(i) Financing instruments at amortised cost or at FVTOCI

The Group assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Group's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principal and profit on the principal outstanding (SPPI).

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are payments of principal). Profit consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic financing risks and costs, as well as a margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic financing arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic financing arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

The Group's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Group has more than one business model for managing its financial instruments which reflect how the Group manages its financial assets in order to generate cash flows. The Group's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

At initial recognition of a financial asset, the Group determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Group reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Group has not identified a change in its business models.

When a financing instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Financing instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

4. Material accounting policy information (continued)

(e) Financial instruments (continued)

Financial assets (continued)

(ii) Financial assets at FVTPL

Financial assets at FVTPL are:

(i) assets with contractual cash flows that are not SPPI; or/and
(ii) assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
(iii) assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognized in profit or loss.

Fair value option

A financial instrument with a reliably measurable fair value can be designated as FVTPL (the fair value option) on its initial recognition even if the financial instrument was not acquired or incurred principally for the purpose of selling or repurchasing. The fair value option can be used for financial assets if it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities, or recognizing related gains and losses on a different basis (an "accounting mismatch"). The fair value option can be elected for financial liabilities if: (i) the election eliminates an accounting mismatch; (ii) the financial liability is part of a portfolio that is managed on a fair value basis, in accordance with a documented risk management or investment strategy; or (iii) there is an embedded derivative in the financial or non-financial host contract and the derivative is not closely related to the host contract. These instruments cannot be reclassified out of the FVTPL category while they are held or issued. Financial assets designated as FVTPL are recorded at fair value and any unrealized gains or losses arising due to changes in fair value are included in investment income.

(iii) Reclassifications

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets. During the current period and previous accounting period, there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on modification and derecognition of financial assets described below.

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

4. Material accounting policy information (continued)

(e) Financial instruments (continued)

Financial assets (continued)

(iv) Impairment

The Group recognises loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- Due from banks and other financial institutions
- Islamic investments securities at FVTOCI
- Islamic financing and investing assets
- Other Islamic assets
- Off balance sheet exposures subject to credit risk

No impairment loss is recognised on Islamic equity investments.

With the exception of purchased or originated credit impaired (POCI) financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).
- 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. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.
- 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 EPR.
- for undrawn financial commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Group if the holder of the commitment draws down the finance and the cash flows that the Group expects to receive if the finance is drawn down; and
- for financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed financing instrument less any amounts that the Group expects to receive from the holder, the customer or any other party.

The Group measures ECL on an individual basis, or on a collective basis for portfolios of finances that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EPR, regardless of whether it is measured on an individual basis or a collective basis.

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

4. Material accounting policy information (continued)

(e) Financial instruments (continued)

Financial assets (continued)

(v) Credit-impaired financial assets

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. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the customer or issuer;
- a breach of contract such as a default or past due event;
- the financer of the customer, for economic or contractual reasons relating to the customer’s financial difficulty, having granted to the customer a concession that the financer would not otherwise consider;
- the financer of the customer has downgraded the ratings because of deterioration in financial condition of the customer; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event-instead; the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether financing instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate financing instruments are credit impaired, the Group considers factors such as delinquency, watchlist indication, restructuring flag, deterioration in credit ratings and the ability of the customer to raise funding.

A financial asset is considered credit-impaired when a concession is granted to the customer due to a deterioration in the customer’s financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a backstop if amounts are overdue for 90 days or more. However, the cases where the impairment is not recognized for assets beyond 90 days overdue are supported by reasonable information.

(vi) Purchased or originated credit-impaired (POCI) financial assets

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Group recognized all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognized in profit or loss. A favourable change for such assets creates an impairment gain.

4. Material accounting policy information (continued)

(e) Financial instruments (continued)

Financial assets (continued)

(vii) Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Group considers the following as constituting an event of default:

- the customer is past due more than 90 days on any material credit obligation to the Group; or
- the customer is unlikely to pay its credit obligations to the Group in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets. Further, there are cases where the criteria of 90 days overdue are rebutted based on management assessment. When assessing if the customer is unlikely to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate financing a qualitative indicator used is the 'watchlist flag', which is not used for retail financing. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Group uses a variety of sources of information to assess default which are either developed internally or obtained from external sources.

(viii) Significant increase in credit risk

The Group monitors all financial assets, issued financial commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The Group's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Group monitors all financial assets, issued financial commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the internal risk rating of the financial instrument at the reporting date based on the remaining maturity of the instrument with the internal risk rating when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information.

For corporate financing, forward-looking information includes the future prospects of the macroeconomic indicators like Crude Oil price, GDP growth rate, real estate price index, etc. obtained from regulatory guidelines, economic expert reports, financial analysts, governmental bodies and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information. For retail, financing forward looking information includes the same economic forecasts as corporate financing with additional forecasts of local economic indicators.

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

4. Material accounting policy information (continued)

(e) Financial instruments (continued)

Financial assets (continued)

(viii) Significant increase in credit risk (continued)

The Group allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The Group considers the credit risk upon initial recognition of asset and whether there has been a significant increase in it on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal risk grade;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations;
- actual or expected significant changes in the operating results of the customer;
- significant changes in the expected performance and behaviour of the customer, including changes in the payment status of customers in the group and changes in the operating results of the customer; and
- Macroeconomic information: in its models, the Group relies on a broad range of forward looking information as economic inputs, such as: average crude oil prices, real estate Dubai and Abu Dhabi, inflation, GDP growth rate etc. along with various transformations of the same. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the consolidated financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments using expert credit judgement.

Regardless of the analysis above, a significant increase in credit risk is presumed if a customer is more than 30 days past due in making a contractual payment.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis.

However, the Group still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate financing there is particular focus on assets that are included on a 'watch list' given an exposure is on a watch list once there is a concern that the creditworthiness of the specific counterparty has deteriorated.

For retail financing, when an asset becomes 30 days past due, the Group considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

(ix) Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing finance would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the profit rate that arises when covenants are breached).

4. Material accounting policy information (continued)

(e) Financial instruments (continued)

Financial assets (continued)

(ix) Modification and derecognition of financial assets (continued)

The Group renegotiates finances to customers in financial difficulty to maximise collection and minimise the risk of default. A finance forbearance is granted in cases where although the customer made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the customer is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the finance, changes to the timing of the cash flows of the finance (principal and profit payment), reduction in the amount of cash flows due (principal and profit forgiveness) and amendments to covenants. The Group has an established forbearance policy which applies for corporate and retail financing.

When a financial asset is modified the Group assesses whether this modification results in derecognition. In accordance with the Group's policy a modification results in derecognition when it gives rise to substantially different terms.

In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new finance is considered to be originated credit impaired. This applies only in the case where the fair value of the new finance is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the customer is in past due status under the new terms.

Where a modification does not lead to derecognition the Group calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Group measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Group derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the 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 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 financing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

4. Material accounting policy information (continued)

(e) Financial instruments (continued)

Financial assets (continued)

(x) Write-offs

Financial assets are written off when there is no reasonable expectation of recovery, such as a customer failing to engage in a payment plan with the company. The company categorises a finance or receivable for write off after almost all possible avenues of payments have been exhausted. However where finances or receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Financial liabilities

(i) Classification and subsequent measurement

In both the current period and prior period, financial liabilities are classified and subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: the classification is applied to Islamic derivatives and other financial liabilities designated as such at initial recognition. Gains and losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in fair value of the financial liability that is attributable to the changes in credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains or losses attributable to changes in the credit risk of the liability are also presented in the profit or loss;
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition or when the continuing involvement approach applies. When the transfer of financial assets did not qualify for derecognition, a financial liability is recognised for the consideration received for the transfer; and
- Financial guarantee contracts and financial commitments.

  Effective profit method

  The effective profit method is a method of calculating the amortised cost of a financial liability and of allocating profit expense over the relevant period. The effective profit rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective profit rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

4. Material accounting policy information (continued)

(e) Financial instruments (continued)

Financial liabilities (continued)

(ii) Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Group and its original financer of financing instruments with substantially different terms, as well as substantial modifications of the terms of existing liabilities, are accounted for as an extinguishment of the original financial liability and a recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective profit rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

In addition, other qualitative factors such as, currency that the instrument is denominated in, changes in the type of profit rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of financing instruments or modification of terms is accounted for as an extinguishment, any cost or fees incurred as recognised as part of the gain or loss on extinguishment. If an exchange or modification is not accounted for as an extinguishment, any cost or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified customer fails to make payments when due in accordance with the terms of a financing instrument.

Financial guarantee contracts issued by a Bank entity are initially measured at their fair values and, if not designated as at FVTPL and not arising from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the Group’s revenue recognition policies.

Financial guarantee contracts not designated at FVTPL are presented as provisions on the statement of financial position and the remeasurement is presented in other revenue.

The Group has not designated any financial guarantee contracts as at FVTPL.

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

4. Material accounting policy information (continued)

(e) Financial instruments (continued)

Islamic derivative financial instruments

Islamic derivative financial instruments are primarily used in trading activities. These are also used to manage our exposure to profit, currency, credit and other market risks. All Islamic derivative financial instruments are recorded in statement of financial position at fair value.

When Islamic derivative financial instruments are used in trading activities, the realized and unrealized gains and losses on these Islamic derivative financial instruments are recognized in other income. Islamic derivative financial instruments with positive fair values are presented as asset and Islamic derivative financial instruments with negative fair values are reported as liabilities. In accordance with our policy for offsetting financial assets and financial liabilities, the net fair value of certain Islamic derivative assets and liabilities are reported as an asset or liability, as appropriate. Valuation adjustments are included in the fair value of Islamic derivative assets and Islamic derivative liabilities. Premiums paid and premiums received are part of Islamic derivative assets and Islamic derivative liabilities, respectively. When derivatives are used to manage our own exposures, we determine for each derivative whether hedge accounting can be applied.

(f) Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date is regarded as its fair value on initial recognition in accordance with IFRS 9.

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

4. Material accounting policy information (continued)

(f) Investment in associates (continued)

The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. Gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the associate.

Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

(g) Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in the statement of profit or loss as incurred.

Depreciation

Depreciation is recognised in statement of income on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

	Years
Leasehold improvements	7
Computers equipment and software	3 to 7
Furniture, fitting and equipment	5
Vehicles	5
Right-of-use assets	2 to 5
Buildings	40

Depreciation methods, useful lives and residual values are reassessed at the reporting date. Gain and losses on disposals are determined by comparing proceeds with the carrying amount. The differences are included in the statement of profit or loss.

Capital work in progress is stated at cost. When commissioned, capital work in progress is transferred to the appropriate asset category and depreciated in accordance with the Group's accounting policies.

4. Material accounting policy information (continued)

(h) Investment properties

Investment properties is held to earn rental income and/or capital appreciation. Investment properties includes cost of initial purchase, developments transferred from property under development, subsequent cost of development, and fair value adjustments. Investment properties is reported at valuation based on fair value at the end of the reporting period. The 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, regardless of whether that price is directly observable or estimated using another valuation technique. The fair value is determined on a periodic basis by independent professional valuers. Fair value adjustments on investment properties are included in the statement of profit or loss in the period in which these gains or losses arise.

All other repairs and maintenance costs are charged to the statement of profit or loss during the financial period in which they are incurred. The fair value of Investment properties is based on the nature, location and condition of the specific asset.

(i) Assets acquired in settlement of Islamic financing and investing assets

The Group occasionally acquires real estate and other collateral in settlement of Islamic financing and investing assets. Such real estate and other collateral are stated at the lower of the net recognized value of Islamic financing and investing assets and the current fair value of such assets at the date of acquisition. Gains or losses on disposal and recognized losses on revaluation are recognized in the statement of profit or loss.

(j) Islamic customers’ deposits, due to banks and other financial institutions and other liabilities

Islamic customers’ deposits, due to banks and other financial institutions and other liabilities are initially recognised at fair value and subsequently measured at amortised cost.

(k) Provisions and contingent liabilities

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When 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 some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities, which include certain guarantees and letters of credit pledged as collateral security, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the Group’s control. Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements.

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

4. Material accounting policy information (continued)

(l) Acceptances

Acceptances are recognised as financial liabilities in the statement of financial position with a contractual right of reimbursement from the customer as a financial asset. Therefore, commitments with respect to acceptances have been accounted for as financial assets and financial liabilities.

(m) Revenue recognition

Income from Islamic financing and investing assets and Islamic investments securities, including fees which are considered an integral part of the effective profit of a financial instrument, are recognized in the statement of profit or loss using the effective profit rate method.

(n) Fees, commission and other income

Fees, commission and other income from banking services provided by the Group are recognized on an accrual basis when the service has been provided.

(o) Dividend income

Dividend income is recognised when the Group's right to receive the payment is established.

(p) Employees' benefits

The Group provides end of service benefits for its expatriate employees. The entitlement to these benefits is based upon the employees' length of service and completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Pension and national insurance contributions for the U.A.E. citizens are made by the Group in accordance with the applicable laws and regulations for U.A.E. citizens.

(q) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that have suffered an impairment loss are reviewed for possible reversal of impairment at each reporting date.

4. Material accounting policy information (continued)

(r) Taxation

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the parent company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets arising from deductible temporary differences, unused tax losses, or unused tax credits are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

4. Material accounting policy information (continued)

(r) Taxation (continued)

Deferred tax (continued)

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors reviewed the group's investment property portfolios and concluded that none of the group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to IAS 12 is not rebutted. As a result, the group has not recognised any deferred taxes on changes in fair value of the investment properties as the group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination."

(s) Foreign currency transactions

Transactions denominated in foreign currencies are translated into AED at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into AED at the foreign exchange rates ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into AED at the foreign exchange rates ruling on the date of the transaction. Realised and unrealised exchange gains and losses have been dealt within the statement of profit or loss.

(t) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is a person or group of persons that allocates resources and assesses the performance of the operating segments of an entity. The Group has determined the Executive Committee as its chief operating decision maker. All transactions between business segments are conducted on an arm´s length basis, with intra-segment revenue and costs being eliminated in head office. Income and expenses directly associated with each segment are included in determining business segment performance.

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

4. Material accounting policy information (continued)

(u) Fiduciary activities

The Group acts as trustee/manager and in other capacities that result in holding or placing of assets in a fiduciary capacity on behalf of trusts or other institutions. Such assets and income arising thereon are not included in the Group's consolidated financial statements as they are not assets of the Group.

(v) Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and reported net in the statement of financial position only when there is a legally enforceable right to set off the recognised amounts or when the Branches intend to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(w) Fair value measurement principles

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 or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in the statement of profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

4. Material accounting policy information (continued)

(w) Fair value measurement principles (continued)

The fair value of a demand deposit is not less than the amount payable on demand, using the present value from the first date on which the amount could be required to be paid.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

5. Critical accounting judgments and key sources of estimation uncertainty

The Group's consolidated financial statements and its financial result are influenced by accounting policies, assumptions, estimates and management judgment, which necessarily have to be made in the course of preparation of the consolidated financial statements.

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgments are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgments for certain items are especially critical for the Group's results and financial situation due to their materiality.

Critical judgments in applying the Group's accounting policies

The following are the critical judgments, apart from those involving estimations, that the management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in consolidated financial statements:

Business model assessment

Business model assessment: Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continue to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

5. Critical accounting judgments and key sources of estimation uncertainty (continued)

Critical judgments in applying the Group's accounting policies (continued)

Significant increase of credit risk

Significant increase of credit risk: As explained in Note 6, ECL is measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets 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. However, in assessing whether the credit risk of an asset has significantly increased the Group takes into account reasonable and supportable qualitative and quantitative forward looking information to classify portfolio into respective stages.

Establishing groups of assets with similar credit risk characteristics

ECL is measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics e.g. instrument type, credit risk, stage classification etc.. 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 if there is a credit risk characteristics change there is appropriate re-segmentation of the assets is performed. 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.

Models and assumptions used

The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

a) Classification and measurement of financial assets and liabilities

The Group classifies financial instruments, or its component parts, at initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of the instruments. The substance of the financial instrument, rather than the legal form, governs its reclassification in the statement of financial position.

The Group determines the classification at initial recognition and, when allowed and appropriate, re-evaluates this designation at every statement of financial position date.

In measuring financial assets and liabilities, some of the Group's assets and liabilities are measured at a fair value for financial reporting purposes. 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 independent professionally qualified valuers to perform the valuation. The Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

b) Fair value measurement

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities. The management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

5. Critical accounting judgments and key sources of estimation uncertainty (continued)

Critical judgments in applying the Group's accounting policies (continued)

Key sources of estimation uncertainty

The following are key estimations that the management has used in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements:

- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward looking information relevant to each scenario: When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.
- Probability of default (PD): PD constitutes a key input in measuring ECL. PD 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.
- Loss Given Default (LGD): 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 financier would expect to receive, considering cash flows from collateral and integral credit enhancements.
- Determination of appropriate rate to discount the lease payments.

6. Financial risk management

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

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, and is subject to risk limits and other controls.

The Group's 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 realizable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in market conditions, products and emerging best practice. The Risk management tone is set right at the top from the Board of Directors ("Board") and gets implemented through a well-defined risk management structure and framework.

6.1 Risk management Framework

The Group's Risk Management Framework is comprised of a collection of principles designed to help the Group anticipate and handle risks more effectively. Core objective of risk management framework is to provide a reasonable degree of assurance to the Board that the risks threatening to the Bank's achievement of its core purpose are being identified, measured, monitored and controlled through an effective integrated risk management framework.

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

6. Financial risk management (continued)

6.1 Risk management Framework (continued)

The Group manages risks using three lines of defence. Business departments along with support and control divisions, as the first line of defence, identify, control and manage risk in their day-to-day activities by ensuring that activities are within the Group’s risk appetite and follow all relevant internal policies and processes. Risk, Compliance and Internal Shariah Control departments, as the second line of defence, monitors and facilitates the implementation of effective risk management practices and assists the first line of defence in risk-related matters. Internal audit and internal Shariah audit, as the third line of defence, provides assurance to management and the Board of the effectiveness of risk management practices employed by the first two lines of defence.

6.2 Risk management structure

The Board oversees the affairs of the Group, including approving and overseeing the implementation of the Group-wide Risk Management framework. To ensure Risk Management is accorded specialized attention, the Board has established and delegated various authorities to the Board Risk Committee.

Board of Directors

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles. Board ensure appropriate risk management framework, internal control, compliance and reporting systems are in place and operating efficiently.

Board Executive Committee (“BEC”)

The BEC is to assist the Board in fulfilling its responsibilities with respect to overseeing the implementation of the overall strategy, business plan and objectives.

Board Audit Committee (“BAC”)
The purpose of the BAC shall be to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the Group’s process for monitoring compliance with laws and regulatory requirements and the code of conduct/fraud policy.

Board Risk Committee (“BRC”)
The BRC mandate is to assist the Board in ensuring that the Group manages risk in accordance with its risk management framework including the Board approved risk appetite limits for all relevant risk categories and risk concentrations through policies, procedures, and process by providing governance, oversight and strategic direction.

Board Compliance Committee (“BCC”)
The BCC is to assist the Board in fulfilling its responsibilities with respect to overseeing the management of the Group’s compliance with applicable laws and regulations issued by the Central Bank and other applicable authorities, and reviewing the implementation of compliance and financial crime management policy framework across Ajman Bank.

Board Nomination and Compensation Committee (“BNCC”)
The BNCC assists the Board in overseeing the affairs related to the Group’s human capital including implementation of the overall compensation and performance management framework and ensures its alignment with Bank’s long-term interests.

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

6. Financial risk management (continued)

6.2 Risk management structure (continued)

Internal Shariah Supervision Committee ("ISSC")

The ISSC is responsible for Shariah governance in terms of overview and approval of products and documentation in relation to Shariah compatibility and overall Shariah compliance as mentioned in Standard Re. Shariah Governance – issued by Central Bank of UAE under the notice No. CBUAE/BSD/N/2020/2123.

Risk Department ("RD")

The RD is responsible for implementing and maintaining risk related procedure to ensure independent control process. RD monitor portfolio credit risk, market & liquidity risk, operational & fraud risk against the risk appetite framework established for the Group.

Internal Audit

Management processes at the Group are audited periodically by the internal audit function, which examines both the adequacy of the procedures and the Group's compliance with the procedures. Internal audit discusses the results of its assessments with management, and reports its findings and recommendations directly to the Board Audit Committee.

6.2.1 Risk measurement and reporting systems

The Group measures credit risk losses using current IFRS-9 regulations, where macro-economic models are used to do the early recognition of impairment. Whereas market, liquidity and operational risks are measured using standards currently enforced under regulatory guidelines. Further, the Group uses quantitative analysis and methods to estimate business risk and revise risk strategies based on risk appetite. These analysis and methods reflect the expected loss likely to arise in normal course of business where as Bank also estimate unexpected losses which might occur due to unforeseen events based on statistical techniques and probabilities associated with it.

The Group also runs multiple stress scenarios based on extreme macroeconomic events which are likely to occur, as well as idiosyncratic risk factors which are specific to the Group. This helps the Group in doing its own internal assessment of the capital requirement and in turn establish the risk appetite framework of the Group.

Monitoring and controlling risks are primarily performed in relation to limits established by the Group. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept, with additional emphasis on selected industries.

Model Risk Management
The Group uses a number of quantitative models in a many of its business and regulatory activities. The extensive use of models in decision making, under-writing a credit facility, provisioning requires to oversee this process and manage risk arising from this process called 'model risk'.

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

6. Financial risk management (continued)

6.2 Risk management structure (continued)

6.2.1 Risk measurement and reporting systems (continued)

Model Risk Management (continued)

The Group has established a framework to manage the development, implementation, approval, validation and ongoing use of modeling processes. It sets out an effective governance and management structure with clearly defined roles and responsibilities, policies and controls for managing model risk across the model lifecycle. The Framework is reviewed on a regular basis to ensure it meets regulatory standards and international practices.

The calculation process, the methodology and the results are reviewed and approved by the committee responsible for the oversight of provisions. This is formally reviewed and presented by the Chief Risk Officer at such a committee.

6.2.2 Credit risk and concentrations of risk

Credit risk is defined as the risk that the Group's customers, clients or counter parties fail to perform or are unwilling to pay profit, repay the principal or otherwise to fulfil their contractual obligations under finance agreements or other credit facilities, thus causing the Group to suffer a financial loss.

Credit risk also arises through the downgrading of counter parties, whose credit instruments are held by the Group, thereby resulting in the value of the assets to fall. As credit risk is the Group's most significant risk, considerable resources, expertise and controls are devoted to managing this risk within the core departments of the Group.

Management of credit risk

The Group's credit risk management framework and monitoring includes:

- Establishment of an authorization structure and limits for the approval and renewal of credit facilities;
- Reviewing and assessing credit exposures in accordance with the authorization structure and limits, prior to facilities being sanctioned to customers; renewals and reviews of facilities are subject to the same review process;
- Diversification of financing and investment activities;
- Limiting concentrations of exposure to industry sectors, geographic locations and counterparties; and
- Reviewing compliance, on an ongoing basis, with agreed exposure limits relating to counterparties, industries and countries and reviewing limits in accordance with the Group's risk management strategy and market trends.

6.2.3 Significant increase in credit risk

The Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

6. Financial risk management (continued)

6.2 Risk management structure (continued)

6.2.3 Significant increase in credit risk (continued)

Internal credit risk ratings

In order to adequately assess the credit exposure profile, the Group has acquired a globally acclaimed system for obligor and facility internal risk rating. It facilitates the analysis of credit proposals by putting a robust risk rating system as well as structurally supports to the Group in estimating various elements of risk. The system is comprised of 22 notch obligor risk rating in ten scales from 1 to 10. Such a credit risk grades are defined using both quantitative and qualitative factors that are indicative of default. The table below provides a mapping of the Group's internal credit risk grades to external ratings.

Bank's credit risk grades	*Agency rating*	*Description*
1	AAA	Minimal Risk
2	AA+ to AA-	Very Low credit risk
3	A+ to A-	Low credit risk
4	BBB+ to BBB-	Moderate credit risk
5	BB+ to BB-	Substantial credit risk
6	B+ to B-	High credit risk
7	CCC+ to C	Very High credit risk
8	DDD	Substandard
9	DD	Doubtful
10	D	Loss

The credit risk grades are designed and calibrated to reflect the risk of default as credit risk deteriorates. As the credit risk increases the difference in risk of default between grades changes. Each exposure is allocated to a credit risk grade at initial recognition, based on the available information about the counterparty. The exposures are monitored and the credit risk grade is updated to reflect current information. The monitoring procedures followed are both general and tailored to the type of exposure.

The following data are typically used to monitor the Group's exposures:

- Payment record, including payment ratios and ageing analysis;
- Extent of utilization of granted limit;
- Forbearances (both requested and granted);
- Changes in business, financial and economic conditions;
- Credit rating information supplied by external rating agencies; and
- Information obtained by periodic review of customer files including audited financial statements review, market data such as prices of credit default swaps (CDS) or quoted bonds/sukuk where available, changes in the financial sector the customer operates etc.

The Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

Bank assessed significant increase in credit risk for group of assets and moved from stage 1 to stage 2 based on following factors:

- Credit risk rating change beyond the Group's established threshold related to initial recognition;
- Instrument is past due beyond 30 days; and
- Instrument's credit risk is considered higher based on qualitative criteria of the Group.

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

6. Financial risk management (continued)

6.2 Risk management structure (continued)

6.2.4 Measurement of ECL

The Group calculates ECL using statistical models and based on probability-weighted scenarios. IFRS9 considers the calculation of ECL by multiplying the probability of default (PD), loss given default (LGD) and exposure of default (EAD). The Group has developed methodologies and models taking into account the relative size, quality and complexity of the portfolios.

These risk parameters are generally derived from developed statistical models and other historical data and are adjusted to reflect forward-looking information.

The key elements used in the computation of ECL are as follows:

Probability of default (PD): is an estimate of the likelihood of default over a given time horizon;

- Loss given default (LGD): is an estimate of the loss arising in the case where default occurs at a given time;
- Exposure at default (EAD): is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.

These elements are derived from internally developed statistical models based on our historical data and the macroeconomic data provided by the Moody's Analytics. They are adjusted to reflect probability-weighted forward-looking information.

Macroeconomic factors, scenarios and forward looking information

IFRS9 requires an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions. When estimating the ECL, the Group considered three scenarios (baseline, upturn and downturn) with a weightage of 40%, 30% and 30% respectively.

Macroeconomic factors and forward looking information are required to be incorporated into the measurement of ECL. Measurement of ECL at each reporting period should reflect reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions.

The table below summarises the principal macroeconomic indicators included in the economic scenarios used for UAE which is the country where the Group operates and therefore is the country that has a material impact on ECLs.

- Annualized Current Account Balance to GDP ratio
- Augmented economic composite indicator - non-oil
- General government debt to GDP ratio
- Real Imports of Goods and Services
- Government Finance: Expenditure
- Augmented economic composite indicator
- Real Exports of Goods and Services
- General Government Gross Debt
- Crude oil Dubai Fateh

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

6. Financial risk management (continued)

6.2 Risk management structure (continued)

6.2.4 Measurement of ECL (continued)

PD is an estimate at certain point in time which is derived based on model output of regression of historical observed default rates against macro-economic variables. These outputs are calibrated against through the cycle (TTC) PD which is currently used by the Group, and assessed using rating tools tailored to various categories of counterparties and exposures. These statistical models are based on market data, as well as internal data compromising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures by building term structure of default using the cumulative survival probability.

LGD is an estimate of the loss magnitude arising on in case the customer defaults. It is based on the difference between the contractual cash flows due and those that the financier would expect to receive, taking into account cash flows from any collateral. The LGD models for secured assets consider forecasts of future collateral valuation taking into account sale discounts, time to realization of collateral, cost of realization of collateral and cure rates (i.e. exit from non-performing status). LGD models for unsecured assets consider time of recovery and recovery rates. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original effective profit rate (EPR) of the finance.

EAD represent the expected exposures in the event of a default. The Group derives the EAD from the current exposures to the counterparty and the potential changes to the current amount allowed under the contract including amortization. The EAD for the on balance sheet items are its gross carrying amount whereas for off balance sheet items such as letters of credits, financial and general guarantees undrawn non-cancellable finance commitments are estimated by applying credit conversion factors on the committed exposures.

The measurement of loss allowance is done on individual basis for corporate portfolio whereas it is measured on collective basis for retail portfolio (measurement on collective basis is more practical for retail portfolio where portfolio constituents similar portfolio attributes). In relation to the assessment of whether there has been a significant increase in credit risk it is necessary to perform the assessment on a collective basis as noted below.

Groupings based on shared risks characteristics:

When ECL are measured on a collective basis, the financial instruments are grouped based on shared risk characteristics, such as:

- Instrument type;
- Credit risk grade;
- Collateral type.

The groupings are reviewed on a regular basis to ensure that each group is comprised of homogenous exposures.

The Group has in place policies, which govern the determination of eligibility of various collaterals, to be considered for credit risk mitigation, which includes the minimum operational requirements that are required for the specific collateral to be considered as effective risk mitigation. The Group's major collaterals are mortgaged properties, investments, vehicles and deposits under lean.

The collateral is valued periodically, depending on the type of collateral. Specifically for mortgaged property, a framework for valuation of mortgaged properties is established to ensure adequate policies and procedures are in place for efficient and proper conduct of valuation of mortgaged properties and other related activities in relation to the interpretation, monitoring and management of valuation of mortgaged properties.

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

6. Financial risk management (continued)

6.2 Risk management structure (continued)

6.2.4 Measurement of ECL (continued)

Summarised information of the Group's maximum exposure to credit risk before collateral held per class of financial asset (subject to impairment) is provided in following table:

2024	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Balances with the Central Bank	**2,284,795**	**-**	**-**	**2,284,795**
Due from banks and other financial institutions	**2,408,361**	**-**	**-**	**2,408,361**
Islamic financing and investing assets	**10,553,677**	**1,674,538**	**1,577,530**	**13,805,745**
Islamic investment securities at FVTOCI*	**3,402,625**	**22,606**	**-**	**3,425,231**
Other Islamic financial assets	**191,608**	**26,064**	**41,310**	**258,982**
Financial commitments and financial guarantees (off balance sheet exposures)	**402,603**	**44,062**	**29,255**	**475,920**
Total maximum exposure	**19,243,669**	**1,767,270**	**1,648,095**	**22,659,034**
Expected credit loss allowance (Note 28)	**(117,129)**	**(274,448)**	**(505,179)**	**(896,756)**
Total	**19,126,540**	**1,492,822**	**1,142,916**	**21,762,278**

2023	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Balances with the Central Bank	4,322,845	-	-	4,322,845
Due from banks and other financial institutions	1,724,825	-	-	1,724,825
Islamic financing and investing assets	10,188,344	1,908,374	2,313,095	14,409,813
Islamic investment securities at amortised cost	265,467	-	-	265,467
Islamic investment securities at FVTOCI*	2,498,904	-	-	2,498,904
Other Islamic financial assets	831,326	247	36,031	867,604
Financial commitments and financial guarantees (off balance sheet exposures)	316,207	73,557	345,082	734,846
Total maximum exposure	20,147,918	1,982,178	2,694,208	24,824,304
Expected credit loss allowance (Note 28)	(92,817)	(90,560)	(819,077)	(1,002,454)
Total	20,055,101	1,891,618	1,875,131	23,821,850

(*) Impairment allowance is recognised under "Revaluation reserve of investments designated at FVTOCI".

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

6. Financial risk management (continued)

6.2 Risk management structure (continued)

6.2.4 Measurement of ECL (continued)

Risks relating to credit-related commitments

The Group makes available to its customers, guarantees and letters of credit which require that the Group makes payments in the event that the customer fails to fulfil certain obligations to other parties. These instruments expose the Group to a similar risk to financing and investing assets and these are monitored by the same control processes and policies.

6.3 Credit risk and concentrations of risk

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. The Group monitors concentrations of credit risk by industry sectors and geographic location. Identified concentration of credit risk is controlled and managed accordingly.

By geographic location

Based on the domicile of the counterparties, the following table sets out the Group's main credit exposures at their carrying amounts, categorized by geographical region:

On balance sheet items

2024	**UAE AED'000**	**GCC AED'000**	**Other AED'000**	**Total AED'000**
Balances with the Central Bank	**2,284,795**	**-**	**-**	**2,284,795**
Due from banks and other financial institutions	**393,370**	**755,685**	**1,259,306**	**2,408,361**
Islamic financing and investing assets:				
- Consumer banking	**6,229,352**	**31,776**	**5,555**	**6,266,683**
- Wholesale banking	**7,276,139**	**60,262**	**201,988**	**7,538,389**
- Treasury	**673**	**-**	**-**	**673**
Islamic investment securities at amortised cost	**-**	**-**	**-**	**-**
Islamic investment securities at FVTOCI	**1,166,980**	**2,065,998**	**182,900**	**3,415,878**
Other Islamic financial assets	**258,982**	**-**	**-**	**258,982**
Total	**17,610,291**	**2,913,721**	**1,649,749**	**22,173,761**

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

6. Financial risk management (continued)

6.3 Credit risk and concentrations of risk (continued)

Concentration of credit risk (continued)

By geographic location (continued)

On balance sheet items (continued)

2023	**UAE AED'000**	**GCC AED'000**	**Other AED'000**	**Total AED'000**
Balances with the Central Bank	4,322,845	-	-	4,322,845
Due from banks and other financial institutions	753,473	1,666	969,686	1,724,825
Islamic financing and investing assets:				
- Consumer banking	3,858,068	-	5,999	3,864,067
- Wholesale banking	10,214,548	-	330,525	10,545,073
- Treasury	673	-	-	673
Islamic investment securities at amortised cost	119,158	-	146,309	265,467
Islamic investment securities at FVTOCI	991,821	1,391,806	111,314	2,494,941
Other Islamic financial assets	867,604	-	-	867,604
Total	21,128,190	1,393,472	1,563,833	24,085,495

Off balance sheet items

2024	**UAE AED'000**	**GCC AED'000**	**Other AED'000**	**Total AED'000**
Letters of credit and guarantee	**431,521**	**18,363**	**26,036**	**475,920**
Total	**431,521**	**18,363**	**26,036**	**475,920**

2023	UAE AED'000	GCC AED'000	Other AED'000	Total AED'000
Commitments	311,742	-	-	311,742
Letters of credit and guarantee	404,741	18,363	-	423,104
Total	716,483	18,363	-	734,846

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

6. Financial risk management (continued)

6.3 Credit risk and concentrations of risk (continued)

Credit risk exposure per class of financial asset, internal rating and stage

An analysis of the Group's credit risk exposure per class of financial asset (subject to impairment), internal rating and stage without taking into account the effects of any collateral or other credit enhancements is provided in the following tables. These amounts in the table represent gross carrying amounts. For financial commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

- **Due from banks and other financial institutions**

	2024					2023
	Stage 1 12 months ECL AED'000	**Stage 2 Life time ECL AED'000**	**Stage 3 Life time ECL AED'000**	**POCI Life time ECL AED'000**	**Total AED'000**	Total AED'000
Normal	2,408,361	-	-	-	2,408,361	1,724,825
Gross carrying amount	**2,408,361**	**-**	**-**	**-**	**2,408,361**	1,724,825
Impairment allowance	(7,533)	-	-	-	(7,533)	(10,798)
Carrying amount	**2,400,828**	**-**	**-**	**-**	**2,400,828**	1,714,027

- **Islamic financing and investing assets**

	2024					2023
	Stage 1 12 months ECL AED'000	**Stage 2 Life time ECL AED'000**	**Stage 3 Life time ECL AED'000**	**POCI Life time ECL AED'000**	**Total AED'000**	Total AED'000
Normal	10,553,677	845,303	-	-	11,398,980	11,261,933
Watchlist	-	829,235	-	-	829,235	834,785
Substandard	-	-	161,943	-	161,943	926,815
Doubtful	-	-	299,336	-	299,336	801,295
Loss	-	-	1,116,251	-	1,116,251	584,985
Gross carrying amount	**10,553,677**	**1,674,538**	**1,577,530**	**-**	**13,805,745**	14,409,813
Impairment allowance	(96,137)	(271,903)	(478,303)	-	(846,343)	(633,820)
Carrying amount	**10,457,540**	**1,402,635**	**1,099,227**	**-**	**12,959,402**	13,775,993

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

6. Financial risk management (continued)

6.3 Credit risk and concentrations of risk (continued)

- **Islamic investment securities at amortised cost**

	2024 Stage 1 12 months ECL AED'000	Stage 2 Life time ECL AED'000	Stage 3 Life time ECL AED'000	POCI Life time ECL AED'000	Total AED'000	2023 Total AED'000
Normal	-	-	-	-	-	265,467
Gross carrying amount	**-**	**-**	**-**	**-**	**-**	265,467
Impairment allowance	-	-	-	-	-	(2,438)
Carrying amount	**-**	**-**	**-**	**-**	**-**	263,029

- **Islamic investment securities at FVTOCI**

	2024 Stage 1 12 months ECL AED'000	Stage 2 Life time ECL AED'000	Stage 3 Life time ECL AED'000	POCI Life time ECL AED'000	Total AED'000	2023 Total AED'000
Normal	3,402,625	22,606	-	-	3,425,231	2,498,904
Gross carrying amount	**3,402,625**	**22,606**	**-**	**-**	**3,425,231**	2,498,904
Impairment allowance	(9,247)	(106)	-	-	(9,353)	(3,963)
Carrying amount	**3,393,378**	**22,500**	**-**	**-**	**3,415,878**	2,494,941

- **Other Islamic financial assets**

	2024 Stage 1 12 months ECL AED'000	Stage 2 Life time ECL AED'000	Stage 3 Life time ECL AED'000	POCI Life time ECL AED'000	Total AED'000	2023 Total AED'000
Normal	191,608	26	-	-	191,634	831,326
Watchlist	-	26,038	-	-	26,038	247
Substandard	-	-	185	-	185	97
Doubtful	-	-	249	-	249	392
Loss	-	-	40,876	-	40,876	35,542
Gross carrying amount	**191,608**	**26,064**	**41,310**	**-**	**258,982**	867,604
Impairment allowance	(118)	(359)	(24,208)	-	(24,685)	(25,582)
Carrying amount	**191,490**	**25,705**	**17,102**	**-**	**234,297**	842,022

6. Financial risk management (continued)

6.3 Credit risk and concentrations of risk (continued)

- **Financial commitments and financial guarantees**

	2024					
	Stage 1 12 months ECL AED'000	**Stage 2 Life time ECL AED'000**	**Stage 3 Life time ECL AED'000**	**POCI Life time ECL AED'000**	**Total AED'000**	2023 Total AED'000
Normal	402,603	43,806	-	-	446,409	389,508
Watchlist	-	256	-	-	256	256
Substandard	-	-	806	-	806	29,883
Loss	-	-	28,449	-	28,449	315,199
Gross carrying amount	**402,603**	**44,062**	**29,255**	**-**	**475,920**	734,846
Impairment allowance	(4,094)	(2,080)	(2,668)	-	(8,842)	(325,853)
Carrying amount	**398,509**	**41,982**	**26,587**	**-**	**467,078**	408,993

As discussed above in the significant increase in credit risk section, under the Group's monitoring procedures, a significant increase in credit risk is identified before the exposure has defaulted, and at the latest when the exposure becomes 30 days past due. This is the case mainly for Islamic financing and investing assets to customers and more specifically for retail financing exposures because for corporate financing and other exposures, there is more customer specific information available which is used to identify significant increase in credit risk. The table below provides an analysis of the gross carrying amount of Islamic financing and investing assets to customers by past due status:

	2024		2023	
	Gross carrying amount AED'000	**ECL AED'000**	Gross carrying amount AED'000	ECL AED'000
Normal or Past due up to 30 days	**12,049,470**	**411,171**	12,705,105	382,299
Past due 31 - 60 days	**148,346**	**10,919**	183,825	7,542
Past due 61 - 90 days	**185,095**	**19,661**	218,413	56,297
Past due 91 - 180 days	**254,803**	**63,899**	479,651	25,354
Past due of more than 180 days	**1,168,031**	**340,693**	822,819	162,328
	13,805,745	**846,343**	14,409,813	633,820

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

6. Financial risk management (continued)

6.3 Credit risk and concentrations of risk (continued)

Collateral held as security and other credit enhancements

The Group holds collateral or other credit enhancements to mitigate credit risk associated with financial assets. The Group holds financial instrument of AED 3.4 billion for which regulatory minimum LGD is applied (i.e. 1% for fully cash secured or 5% fully collateralised other than cash) at 31 December 2024 (31 December 2023: AED 3.5 billion).

Mortgage financing

The Group holds residential and commercial properties as collateral for the mortgage financing it grants to its customers. The Group monitors its exposure to retail mortgage financing using the LTV ratio, which is calculated as the ratio of the gross amount of the finance, or the amount committed for financing commitments, to the value of the collateral. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral. At 31 December 2024, the carrying amount of credit impaired mortgage financing was AED 132 million (2023: AED 134 million) and the value of the respective collateral was AED 243 million (2023: AED 272 million).

Personal financing

The Group's personal financing portfolio consists of unsecured financing and credit cards.

Corporate financing

The Group requests collateral and guarantees for corporate financing. The most relevant indicator of corporate customers' creditworthiness is an analysis of their financial performance and their liquidity, leverage, management effectiveness and growth ratios. The valuation of collateral is closely monitored especially if the performance of financing deteriorates.

For credit-impaired financing the Group obtains appraisals of collateral to inform its credit risk management actions. At 31 December 2024, the net carrying amount of credit impaired Islamic financing and investing assets to corporate customers was AED 1,384 million (2023: AED 1,998 million) and the value of the respective collateral was AED 1,732 million (2023: AED 1,709 million).

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

6. Financial risk management (continued)

6.3 Credit risk and concentrations of risk (continued)

Islamic investment securities

Islamic investment securities

Islamic investment securities comprise of investment in Sukuk and equity shares.

The table below presents analysis of investments by external rating agency at 31 December 2024 and 2023:

	2024 AED'000	2023 AED'000
AAA	**336,944**	-
AA to AA-	**135,955**	328,043
A+ to A-	**754,702**	594,165
BBB+ to BBB-	**244,287**	830,689
BB+ to BB	**691,324**	87,099
B+ to B-	**401,771**	327,264
CCC	**50,762**	187,362
Unrated	**1,078,463**	692,073
	3,694,208	3,046,695

Assets obtained by taking possession of collateral

The Group obtained the following financial and non-financial assets during the year by taking possession of collateral held as security against Islamic financing and investing assets and held at the year end. The Group has done revaluation of these properties and there is no indication of any impairment as of 31 December 2024. The Group's policy is to realise collateral on a timely basis. The Group does not use non-cash collateral for its operations.

	2024 AED'000	2023 AED'000
Property	**-**	174,650
Total assets obtained by taking possession of collateral	**-**	174,650

6.4 Market risk

Market risk arises from changes in market rates such as market price, foreign exchange and profit rate. Market risk management is designed to limit the amount of potential losses on open positions which may arise due to unforeseen changes in profit rates, currency rates and price movements. The Group uses appropriate models, based on standard market practice, for the valuation of its positions and receives regular market information in order to regulate market risk.

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

6. Financial risk management (continued)

6.4 Market risk (continued)

The trading market risk framework comprises the following elements:

- Limits to ensure that risk-takers do not exceed aggregate risk and concentration parameters set by senior management.
- Independent mark-to-market valuations, reconciliation of positions and tracking of stop-losses for trading positions are performed on a timely basis.

The policies, procedures and the trading limits are set to ensure the effective implementation of the Group's market risk policies. These policies are reviewed periodically to ensure they remain in line with the Group's overall market risk policies.

Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect future profitability or the fair values of financial instruments. The Group is exposed to profit rate risk as a result of mismatches or gaps in the amounts of assets, liabilities and off-balance sheet instruments that mature or re-price in a given period.

The Group is exposed to the effects of fluctuations in the prevailing levels of profit rates which arise from the Islamic financing and investing assets amounting to AED 12,959 million (2023: AED 13,776 million), investment securities amounting to AED 3,416 million (2023: AED 2,758 million), International Murabaha with Central bank AED 1,200 million (2023: AED 3,080 million), due from banks and financial institutions AED 2,384 million (2023: AED 1,572 million), customer deposits amounting to AED 13,241 million (2023: AED 14,588 million) and AED 956 million (2023: AED 1,477 million) from due to banks and other financial institutions.

Sensitivity analysis

The amount mentioned in the table below reflect an equal but opposite potential effect on profit or loss based on assumed 50 basis point negative or positive movement in profit rates with all other variables being constant.

	2024		2023	
	Total AED'000	**Effect on profit/(loss) AED'000**	Total AED'000	Effect on profit/(loss) AED'000
Profit based assets	**19,222,424**	**50,867**	19,557,709	58,749
Profit based liabilities	**14,331,543**	**35,847**	14,961,411	39,893

Currency risk

The Group is not significantly exposed to movements in foreign currency exchange rates as its assets and liabilities are mainly denominated in AED, GCC currency or USD.

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

6. Financial risk management (continued)

6.4 Market risk (continued)

Price risk

Price risk is the possibility that investment pricing will fluctuate, affecting the fair value of investments and other instruments that derive their value from a particular instrument or index of price.

The Group manages the price risk by maintaining a diversified portfolio in terms of geographical and industry distribution.

The amount mentioned in the table below reflect an equal but opposite potential effect on profit before tax and investments based on assumed 5% strengthening or weakening prices with all other variable constant.

		Impact on equity	
	Benchmark	**2024**	2023
		AED'000	AED'000
Islamic investments securities at fair value	± 5%	**184,710**	139,061

6.5 Liquidity risk management

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and availability of high quality liquid asset which could be used as collateral to secure additional funding, if required.

The primary tool for monitoring liquidity is the maturity mismatch analysis, which is monitored over successive time bands and across functional currencies. Guidelines are established for the cumulative negative cash flow over successive time bands.

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

6. Financial risk management (continued)

6.5 Liquidity risk management (continued)

Maturity profile:

The maturity profile of the assets and liabilities at 31 December 2024 based on the remaining period from the end of the reporting period to the contractual maturity date is as follows:

	Within 3 months AED'000	Over 3 to 6 months AED'000	Over 6 to 12 months AED'000	Over 1 to 5 years AED'000	Over 5 years AED'000	Undated AED'000	Total AED'000
Assets							
Cash and balances with Central Bank	2,109,522	350,000	-	-	-	-	**2,459,522**
Due from banks and other financial institutions	1,027,837	424,844	317,176	630,971	-	-	**2,400,828**
Islamic financing and investing assets, net	1,064,218	2,052,662	773,007	4,630,366	4,439,149	-	**12,959,402**
Islamic investments securities at amortised cost	-	-	-	-	-	-	**-**
Islamic investments securities at fair value	19,881	-	406,649	1,865,909	1,123,439	278,330	**3,694,208**
Investment properties	-	-	-	-	-	391,545	**391,545**
Property and equipment	-	-	-	-	-	136,414	**136,414**
Other Islamic assets	214,705	5,187	-	-	-	592,537	**812,429**
Total assets	**4,436,163**	**2,832,693**	**1,496,832**	**7,127,246**	**5,562,588**	**1,398,826**	**22,854,348**
Liabilities and equity							
Islamic customers' deposits	4,425,176	3,177,843	7,239,343	2,977,415	241,790	-	**18,061,567**
Due to banks and other financial institutions	479,651	-	-	500,000	-	-	**979,651**
Other liabilities	564,072	5,187	-	-	-	132,061	**701,320**
Equity	**-**	-	-	-	-	3,111,810	**3,111,810**
Total liabilities and equity	**5,468,899**	**3,183,030**	**7,239,343**	**3,477,415**	**241,790**	**3,243,871**	**22,854,348**

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

6. Financial risk management (continued)

6.5 Liquidity risk management (continued)

Maturity profile:

The maturity profile of the assets and liabilities at 31 December 2023 based on the remaining period from the end of the reporting period to the contractual maturity date is as follows:

	Within 3 months AED'000	Over 3 to 6 months AED'000	Over 6 to 12 months AED'000	Over 1 to 5 years AED'000	Over 5 years AED'000	Undated AED'000	Total AED'000
Assets							
Cash and balances with Central Bank	2,487,728	880,000	1,100,000	-	-	-	4,467,728
Due from banks and other financial institutions	1,303,228	23,331	360,874	26,594	-	-	1,714,027
Islamic financing and investing assets, net	2,409,453	1,200,286	2,105,618	4,209,145	3,851,491	-	13,775,993
Islamic investments securities at amortised cost	-	-	18,152	244,877	-	-	263,029
Islamic investments securities at fair value	-	721	104,465	1,670,377	719,378	286,287	2,781,228
Investment properties	-	-	-	-	-	385,755	385,755
Property and equipment	-	-	-	-	-	125,787	125,787
Other Islamic assets	152,774	15,140	-	-	-	1,254,071	1,421,985
Total assets	6,353,183	2,119,478	3,689,109	6,150,993	4,570,869	2,051,900	24,935,532
Liabilities and equity							
Islamic customers' deposits	5,706,586	2,359,074	8,207,619	3,188,865	262,604	-	19,724,748
Due to banks and other financial institutions	1,491,173	73,248	40,333	-	-	-	1,604,754
Other liabilities	378,086	97,815	-	-	-	455,177	931,078
Equity	-	-	-	-	-	2,674,952	2,674,952
Total liabilities and equity	7,575,845	2,530,137	8,247,952	3,188,865	262,604	3,130,129	24,935,532

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

6. Financial risk management (continued)

6.5 Liquidity risk management (continued)

During the year, the key measure used by the Group for managing liquidity risk is the ratio prescribed by Central Bank. For this purpose, only high quality liquid assets were considered, which include cash and cash equivalents, Murabaha with Central Bank and Shariah compliant securities (Sukuk) with 0% risk weight with a liquid market. Denominator comprise of total liabilities excluding provisions from total liabilities. This prescribed ratio was more stringent and comprehensive in managing the Group's liquidity positions. The liquidity ratio at the reporting dates were as follows:

	2024	2023
At 31 December	**17%**	25%

6.6 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.

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.

The Group has established an Operational Risk framework of policies and procedures to identify, assess, control, manage and report risks to the BRC and senior management. The primary responsibility to ensure these risks are managed and monitored, resides with the businesses within the Group. The Group's businesses are supported by embedded risk resources and Operational Risk Management as a second line of defence to ensure robust risk management.

Compliance with policies and procedures is supported by periodic reviews undertaken by the Internal Audit Department. The results of these reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the BAC and senior management of the Group.

6.7 Climate-related matters

The Group and its customers may face significant climate-related risks in the future. These risks include the threat of financial loss and adverse non-financial impacts that encompass the political, economic and environmental responses to climate change. The key sources of climate risks have been identified as physical and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels and risks. Transition risks may arise from the adjustments to a net-zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand. These risks are receiving increasing regulatory, political and societal scrutiny, both within the country and internationally. While certain physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. For transition risks, uncertainties remain as to the impacts of the impending regulatory and policy shifts, changes in consumer demands and supply chains.

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

6. Financial risk management (continued)

6.7 Climate-related matters (continued)

The Group is in the process of embedding climate risk in its risk framework, including the development of a comprehensive sustainable finance and climate risk framework. The Board Risk Committee is responsible for the oversight over management of climate risk. In addition, the Group will start assessing its model landscape to incorporate climate-related risks and their impact on borrower's credit risk. The Group will also make significant progress in building the knowledge and capacity of its workforce in matters relating to climate-related risk. Despite the progress, the Group acknowledges the need for further efforts to fully integrate climate in the Group's risk assessments and management protocols.

Therefore, the impact of this matter remains uncertain and depends on future developments that cannot be accurately predicted at this stage, and a reliable estimate of such an impact cannot be made at the date of authorisation of these consolidated financial statements. Notwithstanding, these developments could impact the Group's future financial results, cash flows and financial position.

6.8 Capital management

In February 2017, the Central Bank of the UAE adopted 'Basel III' and published enhanced regulatory capital requirements rules vide notifications 52 and 60/2017. In addition to the minimum capital requirements, Basel III introduces capital conservation buffer (CCB) and countercyclical buffers (CCyB) to induce banking organizations to hold capital in excess of regulatory minimums.

After adoption of Basel III, the regulatory capital is computed under the following items:

(i) Tier 1 capital, which is composed of;

a - Common equity tier 1 (CET 1) - comprise of share capital, statutory reserves, retained earnings and accumulated other comprehensive income reserves,

b - Additional tier 1 (AT 1)- comprise of any instrument which is not included in CET1.

(ii) Tier 2 capital, which includes general provisions (after implementation of IFRS - 9, the ECL classified that is classified under stage 1 and 2).

In addition to the above, all banks are required to maintain a capital conservation buffer (CCB) to encourage the banks to hold capital over and above the minimum requirements.

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

6. Financial risk management (continued)

6.8 Capital management (continued)

As per current requirement of the Central Bank of UAE, banks are required to maintain minimum capital levels as below:

	2024	2023
Capital element		
Minimum common equity tier 1 (CET 1) ratio	**7%**	7%
Minimum Tier I capital ratio	**8.5%**	8.5%
Minimum capital adequacy ratio	**10.5%**	10.5%
Capital conservation buffer (CCB)	**2.5%**	2.5%

The Group's assets are risk weighted as to their relative credit, market, and operational risk. Credit risk and market risk includes both on and off-balance sheet risks. Credit risk is defined as the risk of default on a financial obligation that may arise from a customer failing to make required payments. Such risk includes loss of principal and profit, disruption to cash flows, and increased collection costs. Market risk is defined as the risk of losses in on and off-balance sheet positions arising from movements in market prices and includes profit rate risk, foreign exchange risk, equity exposure risk, commodity risk, and options risk. Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events.

For Central Bank reporting purposes, the Group is currently following the standardised measurement approach for credit, market and operational risk, as per Pillar 1 of Basel II.

The Group's policy is to maintain a strong capital base so as to maintain market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. Historically the Group has followed a conservative dividend policy to increase capital from internal resources to meet future growth.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year.

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

6. Financial risk management (continued)

6.8 Capital management (continued)

The Group is required to report capital resources and risk-weighted assets under the Basel III Pillar 1 framework, as shown in the following table:

	2024	2023
	AED'000	AED'000
Tier 1 capital		
Share capital	**2,723,500**	2,723,500
Reserves	**213,805**	(159,137)
	2,937,305	2,564,363
Tier 2 capital		
General provision and fair value reserve	**185,815**	203,511
Total regulatory capital	**3,123,120**	2,767,874
Risk weighted assets		
Credit risk	**14,865,025**	16,280,881
Market risk	**86,777**	71,115
Operation risk	**1,400,108**	1,363,687
Total risk weighted assets	**16,351,910**	17,715,683
Capital adequacy ratio on regulatory capital	**19.10%**	15.62%
Capital adequacy ratio on Tier 1 capital	**17.96%**	14.48%

Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by the optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based on the inherent risk it carries. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation, by Finance and Risk Department, and is subject to review by the Group's Assets and Liabilities Committee (ALCO) as appropriate.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Group to particular operations or activities, it is not the sole basis used for decision making. Account also is taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Group's longer term strategic objectives. The Group's policies in respect of capital management and allocation are reviewed regularly by the Board.

7. Classification of financial assets and liabilities

(a) The table below sets out the Group's classification of each class of financial assets and liabilities and their carrying amounts as at 31 December:

	At fair value AED'000	Amortised cost AED'000	Total AED'000
2024			
Financial assets:			
Cash and balances with the Central Bank	**-**	**2,459,522**	**2,459,522**
Due from banks and other financial institutions	**-**	**2,400,828**	**2,400,828**
Islamic financing and investing assets, net	**-**	**12,959,402**	**12,959,402**
Islamic investments securities at fair value	**3,694,208**	**-**	**3,694,208**
Other Islamic assets	**359**	**234,297**	**234,656**
Total	**3,694,567**	**18,054,049**	**21,748,616**
Financial liabilities:			
Islamic customers' deposits	**-**	**18,061,567**	**18,061,567**
Due to banks and other financial institutions	**-**	**979,651**	**979,651**
Other liabilities	**56**	**564,016**	**564,072**
Total	**56**	**19,605,234**	**19,605,290**
2023			
Financial assets:			
Cash and balances with the Central Bank	-	4,467,728	4,467,728
Due from banks and other financial institutions	-	1,714,027	1,714,027
Islamic financing and investing assets, net	-	13,775,993	13,775,993
Islamic investment securities at amortised cost	-	263,029	263,029
Islamic investments securities at fair value	2,781,228	-	2,781,228
Other Islamic assets	80	842,022	842,102
Total	2,781,308	21,062,799	23,844,107
Financial liabilities:			
Islamic customers' deposits	-	19,724,748	19,724,748
Due to banks and other financial institutions	-	1,604,754	1,604,754
Other liabilities	2,659	554,587	557,246
Total	2,659	21,884,089	21,886,748

8. 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. As such, 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.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of Islamic financial assets and Islamic financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).

- The fair values of other Islamic financial assets and Islamic financial liabilities (excluding Islamic derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

- The fair values of Islamic derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency Waad contracts are measured using quoted forward exchange rates and yield curves derived from quoted profit rates matching maturities of the contracts. Profit rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted profit rates.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

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 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

8. Fair value measurement (continued)

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
At 31 December 2024				
Financial assets				
Islamic investments securities at fair value	**3,569,401**	**-**	**124,807**	**3,694,208**
Positive fair value of Islamic derivative financial instruments	**359**	**-**	**-**	**359**
	3,569,760	**-**	**124,807**	**3,694,567**
Financial liabilities				
Negative fair value of Islamic derivative financial instruments	**56**	**-**	**-**	**56**
	56	**-**	**-**	**56**
At 31 December 2023				
Financial assets				
Islamic investments securities at fair value	2,608,285	-	172,943	2,781,228
Positive fair value of Islamic derivative financial instruments	80	-	-	80
	2,608,365	-	172,943	2,781,308
Financial liabilities				
Negative fair value of Islamic derivative financial instruments	2,659	-	-	2,659
	2,659	-	-	2,659

Notional amount of Islamic derivative financial instruments is AED 0.6 billion as at 31 December 2024 (2023: AED 3.55 billion).

There were no transfers between Level 1 and 2 during the year. Below is reconciliation of Level 3 fair value measurement of financial assets:

	2024 AED'000	2023 AED'000
Balance at 1 January	**172,943**	125,238
Purchases during the year	**-**	20,000
Fair valuation (loss)/gain	**(38,136)**	53,570
Disposals during the year	**(10,000)**	(25,865)
Total	**124,807**	172,943

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

8. Fair value measurement (continued)

The effect of unobservable input on fair value measurement

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used by ± 10% to reasonably possible alternative assumptions would have the following effects.

	Effect on OCI	
	Favorable AED'000	**Unfavorable AED'000**
31 December 2024	**12,481**	**(12,481)**
31 December 2023	17,294	(17,294)

- In respect of those financial assets and financial liabilities measured at amortised cost, which are of short term nature (up to 1 year), management believes that carrying amount is equivalent to its fair value.
- In respect of Islamic investments securities, management has used the quoted price when available to assess fair value or used a present value calculation (PVC) based on market observable inputs.
- Islamic financing and investing assets are fair valued based on PVC which takes into account original underlying cash financing credit grading and expected prepayments. These features are used to estimate the present value of the expected cash flows and using risk-adjusted profit rates. However, this technique is subject to inherent limitations, such as estimation of the appropriate risk-adjusted profit rate, and different assumptions and inputs would yield different results.
- Fair values of deposits from banks and customers are estimated using the PVC methodology, applying the applicable rates that are offered for deposits of similar maturities and terms. The fair value of deposits payable on demand is considered to be the amount payable at the reporting date.

9. Cash and balances with the Central Bank

(a) The analysis of the Group's cash and balances with the Central Bank as at 31 December 2024 and 2023 is as follows:

	2024 AED'000	2023 AED'000
Cash on hand	**174,727**	144,883
Balances with the Central Bank:		
Current accounts	**152,995**	523,470
Reserve requirements with the Central Bank (*)	**931,800**	719,375
International Murabahat with the Central Bank	**1,200,000**	3,080,000
Total	**2,459,522**	4,467,728

Cash and balances with the Central Bank as at 31 December 2024 and 2023 were held within the U.A.E.

(*) The reserve requirements kept with the Central Bank are not available for use in the Group's day to day operations, and cannot be withdrawn without the approval of the Central Bank. The level of reserve required changes periodically in accordance with the directives of the Central Bank.

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

10. Due from banks and other financial institutions

(a) The analysis of the Group's due from banks and other financial institutions as at 31 December 2024 and 2023 is as follows:

	2024 AED'000	2023 AED'000
Current accounts	**23,807**	153,278
Islamic deposits with banks and financial institutions	**2,384,554**	1,571,547
	2,408,361	1,724,825
Less: Impairment loss allowance (Note 28)	**(7,533)**	(10,798)
Total	**2,400,828**	1,714,027

(b) The geographical analysis of due from banks and other financial institutions as at 31 December 2024 and 2023 is as follows:

	2024 AED'000	2023 AED'000
Within the U.A.E.	**375,513**	753,473
Outside the U.A.E.	**2,025,315**	960,554
Total	**2,400,828**	1,714,027

11. Islamic financing and investing assets, net

(a) The analysis of the Group's Islamic financing and investing assets, net, as at 31 December 2024 and 2023 is as follows:

	2024 AED'000	2023 AED'000
Islamic financing assets		
Vehicles murabahat	**71,793**	43,530
Commodities murabahat	**5,726,859**	5,472,404
Total murabahat	**5,798,652**	5,515,934
Ijarahs	**7,753,164**	8,852,914
Istisna'a	**-**	347
Islamic credit cards	**90,391**	46,478
	13,642,207	14,415,673
Deferred income	**(631,257)**	(685,993)
Total Islamic financing assets	**13,010,950**	13,729,680
Islamic investing assets		
Wakala	**794,795**	680,133
Total Islamic investing assets	**794,795**	680,133
Total Islamic financing and investing assets	**13,805,745**	14,409,813
Less: Impairment loss allowance (Note 28)	**(846,343)**	(633,820)
Total Islamic financing and investing assets, net	**12,959,402**	13,775,993

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

11. Islamic financing and investing assets, net (continued)

(b) The Group, in the ordinary course of providing finance, holds collateral as security to mitigate credit risk associated with Islamic financing and investing assets. The collaterals include mortgage on land and buildings and lien on savings and investment deposits and equity. The estimated value of collaterals for Islamic financing and investing assets other than retail assets which are mainly asset-based financing, is as follows:

	2024 AED'000	2023 AED'000
Property and mortgages	**8,104,515**	8,583,217
Deposits and equities	**2,361,286**	1,888,478

(c) Analysis of Islamic financing and investing assets, net, by industry group and geography as at 31 December 2024 and 2023 are as follows:

	Within the U.A.E. AED'000	**Outside the U.A.E. AED'000**	**Total AED'000**
2024			
Economic sector			
Government	**482,405**	**262,250**	**744,655**
Manufacturing and services	**3,116,486**	**31,776**	**3,148,262**
Trade	**607,137**	**-**	**607,137**
Real estate	**5,429,546**	**-**	**5,429,546**
Consumer home finance	**2,162,193**	**5,555**	**2,167,748**
Consumer financing	**1,708,397**	**-**	**1,708,397**
	13,506,164	**299,581**	**13,805,745**
Impairment loss allowance			**(846,343)**
Total			**12,959,402**

	Within the U.A.E. AED'000	Outside the U.A.E. AED'000	Total AED'000
2023			
Economic sector			
Government	448,362	330,525	778,887
Manufacturing and services	3,302,534	-	3,302,534
Trade	1,357,878	-	1,357,878
Real estate	6,317,583	-	6,317,583
Consumer home finance	1,222,783	5,999	1,228,782
Consumer financing	1,424,149	-	1,424,149
	14,073,289	336,524	14,409,813
Impairment loss allowance			(633,820)
Total			13,775,993

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

11. Islamic financing and investing assets, net (continued)

(d) The significant changes in the gross carrying amount of Islamic financing and investing assets during the year that contributed to changes in the loss allowance, is provided in the table below:

	Stage 1 AED'000	**Stage 2 AED'000**	**Stage 3 AED'000**	**Total AED'000**
As at 1 January 2024	10,188,344	1,908,374	2,313,095	14,409,813
- Transfer to stage 1	376,507	(376,507)	-	-
- Transfer to stage 2	(344,247)	812,039	(467,792)	-
- Transfer to stage 3	(39,736)	(28,056)	67,792	-
Change in exposure	1,031,679	(150,540)	(26,002)	855,137
New financial assets recognized	2,624,882	5,355	1,238	2,631,475
Financial assets derecognized	(3,283,752)	(496,127)	(305,256)	(4,085,135)
Write-offs	-	-	(5,545)	(5,545)
As at 31 December 2024	**10,553,677**	**1,674,538**	**1,577,530**	**13,805,745**

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
As at 1 January 2023	7,307,578	3,615,644	2,202,577	13,125,799
- Transfer to stage 1	1,492,346	(1,492,346)	-	-
- Transfer to stage 2	(632,994)	976,181	(343,187)	-
- Transfer to stage 3	(182,118)	(515,197)	697,315	-
Change in exposure	229,484	(204,714)	110,302	135,072
New financial assets recognized	2,748,074	51,988	810	2,800,872
Financial assets derecognized	(774,026)	(523,182)	(227,195)	(1,524,403)
Write-offs	-	-	(127,527)	(127,527)
As at 31 December 2023	10,188,344	1,908,374	2,313,095	14,409,813

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

11. Islamic financing and investing assets, net (continued)

(e) The table below analyse the movement of the ECL allowance during the year per class of Islamic financing and investing assets.

	Stage 1 12-month ECL AED'000	**Stage 2 Life time ECL AED'000**	**Stage 3 Lifetime ECL AED'000**	**Total AED'000**
Loss allowance as at 1 January 2024	68,904	88,597	476,319	633,820
Changes in the loss allowance				
- Transfer to stage 1	19,572	(19,572)	-	-
- Transfer to stage 2	(1,392)	9,318	(7,926)	-
- Transfer to stage 3	(1,377)	(832)	2,209	-
Change in credit risk	(2,956)	201,301	90,970	289,315
New financial assets recognized	22,886	2,240	500	25,626
Financial assets derecognized	(9,500)	(9,149)	(78,224)	(96,873)
Write-offs and other transfers	-	-	(5,545)	(5,545)
Loss allowance as at 31 December 2024	**96,137**	**271,903**	**478,303**	**846,343**

	Stage 1 12-month ECL AED'000	Stage 2 Life time ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Loss allowance as at 1 January 2023	26,115	80,805	384,761	491,681
Changes in the loss allowance				
- Transfer to stage 1	31,152	(31,152)	-	-
- Transfer to stage 2	(1,513)	15,371	(13,858)	-
- Transfer to stage 3	(477)	(11,981)	12,458	-
Change in credit risk	9,058	40,707	312,597	362,362
New financial assets recognized	7,077	1,753	759	9,589
Financial assets derecognized	(2,508)	(6,906)	(92,871)	(102,285)
Write-offs and other transfers	-	-	(127,527)	(127,527)
Loss allowance as at 31 December 2023	68,904	88,597	476,319	633,820

12. Islamic investment securities at amortised cost

	2024 AED'000	2023 AED'000
Sukuk instruments	-	265,467
Less: Impairment loss allowance (Note 28)	-	(2,438)
	-	263,029

13. Islamic investment securities at fair value

	2024 AED'000	2023 AED'000
Islamic investment securities at FVTOCI		
Sukuk instruments*	**3,415,878**	2,494,941
Equity instruments	**210,311**	216,432
	3,626,189	2,711,373
Islamic investment securities at FVTPL		
Equity instruments	**68,019**	69,855
	3,694,208	2,781,228

(a) The geographical analysis of the Islamic investment securities at fair value as at 31 December 2024 is as follows:

	Within the U.A.E. AED'000	Other G.C.C. countries AED'000	Rest of the world AED'000	Total AED'000
2024				
Sukuk instruments at FVTOCI				
Quoted	**1,179,621**	**2,030,857**	**182,900**	**3,393,378**
Unquoted	**22,500**	**-**	**-**	**22,500**
	1,202,121	**2,030,857**	**182,900**	**3,415,878**
Equity instruments at FVTOCI				
Quoted	**156,913**	**-**	**-**	**156,913**
Unquoted	**10,096**	**-**	**43,302**	**53,398**
	167,009	**-**	**43,302**	**210,311**
Equity instruments at FVTPL				
Quoted	**19,110**	**-**	**-**	**19,110**
Unquoted	**48,909**	**-**	**-**	**48,909**
	68,019	**-**	**-**	**68,019**
Total	**1,437,149**	**2,030,857**	**226,202**	**3,694,208**

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

13. Islamic investment securities at fair value (continued)

(a) The geographical analysis of the Islamic investment securities at fair value as at 31 December 2023 is as follows:

	Within the U.A.E. AED'000	Other G.C.C. countries AED'000	Rest of the world AED'000	Total AED'000
2023				
Sukuk instruments at FVTOCI				
Quoted	963,321	1,391,806	111,314	2,466,441
Unquoted	28,500	-	-	28,500
	991,821	1,391,806	111,314	2,494,941
Equity instruments at FVTOCI				
Quoted	140,094	-	-	140,094
Unquoted	21,250	-	55,088	76,338
	161,344	-	55,088	216,432
Equity instruments at FVTPL				
Quoted	1,750	-	-	1,750
Unquoted	68,105	-	-	68,105
	69,855	-	-	69,855
Total	1,223,020	1,391,806	166,402	2,781,228

(b) Analysis of Islamic investment securities at fair value by industry group as at 31 December 2024 and 2023 is as follows:

	2024 AED'000	2023 AED'000
Government	**1,391,843**	1,071,684
Manufacturing and services	**803,541**	343,240
Real estate	**53,397**	113,487
Financial institutions	**1,445,427**	1,252,817
Total	**3,694,208**	2,781,228

***Islamic investment securities at FVTOCI – Sukuk instruments**

The significant changes in the gross carrying amount of Islamic investment securities at FVTOCI - Sukuk instruments during the year that contributed to changes in the loss allowance, is provided in the table below:

	Stage 1 AED'000	**Stage 2 AED'000**	**Stage 3 AED'000**	**Total AED'000**
As at 1 January 2024	2,498,904	-	-	2,498,904
- Transfer to stage 2	(28,521)	28,521	-	-
Change in exposure	712,385	(5,915)	-	706,470
New financial assets recognised	476,068	-	-	476,068
Financial assets derecognized	(256,211)	-	-	(256,211)
As at 31 December 2024	**3,402,625**	**22,606**	**-**	**3,425,231**

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)
13. Islamic investment securities at fair value (continued)

***Islamic investment securities at FVTOCI – Sukuk instruments (continued)**

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
As at 1 January 2023	2,077,608	-	54,506	2,132,114
Change in exposure	269,972	-	-	269,972
New financial assets recognised	151,324	-	-	151,324
Write-offs	-	-	(54,506)	(54,506)
As at 31 December 2023	2,498,904	-	-	2,498,904

The tables below analyse the movement of the ECL allowance during the year per class of Islamic investment securities at FVTOCI - Sukuk instruments.

	Stage 1 12-month ECL AED'000	**Stage 2 Life time ECL AED'000**	**Stage 3 Lifetime ECL AED'000**	**Total AED'000**
Loss allowance as at 1 January 2024	3,963	-	-	3,963
- Transfer to stage 2	(21)	21	-	-
Change in credit risk	5,636	85	-	5,721
New financial assets recognised	600	-	-	600
Financial assets derecognized	(931)	-	-	(931)
Loss allowance as at 31 December 2024	**9,247**	**106**	**-**	**9,353**

	Stage 1 12-month ECL AED'000	Stage 2 Life time ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Loss allowance as at 1 January 2023	4,631	-	54,506	59,137
Change in credit risk	(1,177)	-	-	(1,177)
New financial assets recognised	509	-	-	509
Write-offs	-	-	(54,506)	(54,506)
Loss allowance as at 31 December 2023	3,963	-	-	3,963

14. Investment properties

(a) Movement in investment properties during the years ended 31 December 2024 and 2023 is as follows:

	2024 AED'000	2023 AED'000
As at 1 January	**385,755**	381,064
Additions during the year	**2,090**	4,667
Change in fair value during the year (Note 25)	**3,700**	24
As at 31 December	**391,545**	385,755

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)
14. Investment properties (continued)

(b) Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2024 and 31 December 2023 are as follows:

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Fair value AED'000
31 December 2024	**-**	**-**	**391,545**	**391,545**
31 December 2023	-	-	385,755	385,755

The Group's investment properties consist of four commercial properties in the Emirate of Ajman. As at 31 December 2024 and 2023, the fair values of the properties are based on valuations performed by an accredited independent valuer who is a specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied. The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Using the discounted cash flow (DCF) method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate. The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behavior that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long-term vacancy rate.

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

15. Property and equipment

	Leasehold improvements AED'000	Furniture, fittings and equipment AED'000	Vehicles AED'000	Computer equipment and software AED'000	Right-of-use assets AED'000	Capital work in progress* AED'000	Land and buildings AED'000	Total AED'000
Cost								
At 1 January 2023	67,055	52,621	1,667	125,542	20,875	20,471	68,886	357,117
Additions	158	652	469	3,723	6,162	19,917	-	31,081
Transfers	2,676	53	-	19,965	-	(22,694)	-	-
Disposals	-	(10,775)	(877)	(4,277)	(6,911)	-	-	(22,840)
Write offs	(1,312)	-	-	-	-	-	-	(1,312)
At 31 December 2023	68,577	42,551	1,259	144,953	20,126	17,694	68,886	364,046
Additions	1,077	412	-	4,510	8,725	19,341	-	34,065
Transfers	643	1,768	-	5,956	-	(8,367)	-	-
Disposals	-	(9)	-	-	(9,568)	-	-	(9,577)
Write offs	(23,532)	-	-	-	-	-	-	(23,532)
At 31 December 2024	**46,765**	**44,722**	**1,259**	**155,419**	**19,283**	**28,668**	**68,886**	**365,002**
Accumulated depreciation								
At 1 January 2023	57,728	45,003	744	102,988	11,840	-	11,733	230,036
Charge for year	2,769	2,222	210	16,239	5,564	-	1,516	28,520
Disposals	-	(7,899)	(347)	(4,274)	(6,911)	-	-	(19,431)
Write offs	(866)	-	-	-	-	-	-	(866)
At 31 December 2023	59,631	39,326	607	114,953	10,493	-	13,249	238,259
Charge for year	2,852	1,491	150	13,256	4,694	-	995	23,438
Disposals	-	(9)	-	-	(9,568)	-	-	(9,577)
Write offs	(23,532)	-	-	-	-	-	-	(23,532)
At 31 December 2024	**38,951**	**40,808**	**757**	**128,209**	**5,619**	**-**	**14,244**	**228,588**
Net book value								
At 31 December 2024	**7,814**	**3,914**	**502**	**27,210**	**13,664**	**28,668**	**54,642**	**136,414**
At 31 December 2023	8,946	3,225	652	30,000	9,633	17,694	55,637	125,787

* Capital work in progress comprises cost incurred on IT projects.

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

16. Other Islamic assets

	2024 AED'000	2023 AED'000
Accrued income on Islamic financing and investing assets	**75,363**	116,850
Accrued income on Islamic investment securities	**29,903**	29,298
Prepaid expenses	**8,060**	8,153
Staff advances	**15,197**	15,631
Acceptances (Note 19)	**5,797**	1,126
Foreign currency forward contracts	**359**	80
Assets acquired in settlement of Islamic financing and investing assets (*)	**530,050**	530,050
Financial assets acquired in settlement of Islamic financing and investing assets (**)	**-**	644,383
Rent receivable	**19,373**	14,797
Other	**153,012**	87,199
	837,114	1,447,567
Less: Impairment loss allowance (Note 28)	**(24,685)**	(25,582)
	812,429	1,421,985

(*) Assets acquired in settlement of Islamic financing and investing assets include properties with a carrying value of AED 418 million which are beneficially held by the Group but the title deed of these properties is not yet transferred in the Group's name (Note 32.3). The fair value of these assets amounted to AED 355 million (2023: AED 355); accordingly, during 2023, the Group booked an impairment loss of AED 63 million against these assets.

(**) During the period, the Group has disposed off the assets to a related party for a consideration of AED 650 million which resulted in a gain recognized in the statement of profit or loss of AED 6 million.

17. Islamic customers' deposits

(a) The analysis of the Islamic customers' deposits as at 31 December 2024 and 2023 is as follows:

	2024 AED'000	2023 AED'000
Current accounts	**4,356,089**	4,750,220
Mudarba deposits:		
Savings accounts	**468,233**	381,772
Term deposits	**25,700**	29,760
	4,850,022	5,161,752
Wakala deposits	**12,747,429**	14,176,456
Escrow accounts	**386,266**	315,954
Margin accounts	**77,850**	70,586
	18,061,567	19,724,748

All Islamic customers' deposits as at 31 December 2024 and 2023 were held within the U.A.E.

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

18. Due to banks and other financial institutions

(a) The analysis of the due to banks and other financial institutions as at 31 December 2024 and 2023 is as follows:

	2024 AED'000	2023 AED'000
Current accounts	**23,196**	128,025
Investment deposits	**956,455**	1,476,729
Total	**979,651**	1,604,754

(b) The geographical analysis of the Group's due to banks and other financial institutions as at 31 December 2024 and 2023 is as follows:

	2024 AED'000	2023 AED'000
Within the U.A.E.	**809,055**	855,517
Outside the U.A.E.	**170,596**	749,237
Total	**979,651**	1,604,754

19. Other liabilities

	2024 AED'000	2023 AED'000
Accrued profit on Islamic customers' deposits and placements by banks	**332,876**	391,640
Provisions for staff salaries and benefits	**39,084**	24,921
Managers' cheques	**120,095**	65,459
Acceptances (Note 16)	**5,797**	1,126
Lease liability	**12,446**	10,010
Provision for income tax (Note 37)	**39,129**	-
Deferred tax liabilities (Note 37)	**5,526**	-
Impairment loss allowance on financial commitments and financial guarantees (Note 28)	**8,842**	325,853
Other	**137,525**	112,069
	701,320	931,078

20. Share capital and treasury shares

Share capital	**2024 AED'000**	2023 AED'000
2,723,500,000 (31 December 2023: 2,723,500,000) shares of AED 1 each, issued and fully paid	**2,723,500**	2,723,500

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

20. Share capital and treasury shares (continued)

The Board of Directors has proposed a cash dividend of AED 0.0725 per share (7.25% of paid-up capital) at their meeting held on 22 January 2025.

The annual general meeting of the shareholders in its meeting held on 19 April 2023 approved to distribute dividends in the form of bonus shares of 3.5% of the Group's current paid-up capital by issuing 73,500,000 bonus shares amounting to AED 73,500,000. Further, AED 2.5 million as directors' remuneration was also approved during 2023.

Treasury shares

The Group engaged a third-party licensed Market Maker on the Dubai Financial Market that offers liquidity provision services, to place buy and sell orders of the Bank's shares with the objective of reducing bid/ask spreads as well as reducing price and volume volatility. At 31 December 2024, the Market Maker held 34,478,543 of Ajman Bank's shares (31 December 2023: 27,674,759 shares) on behalf of the Group, which are classified under equity as treasury shares at par value of AED 1 at 31 December 2024 and 31 December 2023. During the year, AED 16 million (year ended 31 December 2023: AED 33 million) has been utilised from share premium reserve (included under statutory and other reserve) to account for premium paid on acquisition of treasury shares, net of realized gains/losses on disposal of such shares. At the end of the contract term with the Market Maker, the Bank will have the option to either transfer the outstanding shares under its name or dispose of the shares in the market.

21. Statutory reserve

The U.A.E. Commercial Companies Law and the Articles of Association of the Group, require that 10% of the profit attributable to the shareholders is transferred to a non-distributable statutory reserve until this reserve equals 50% of the paid-up share capital. This reserve is not available for distribution other than in circumstances stipulated by law. Included under statutory reserve is a share premium reserve amounting to AED'000 126,357 as at 31 December 2024 (2023: AED'000 142,345).

22. General impairment reserve

In accordance with the requirements of the Central Bank of the U.A.E., the excess of the credit impairment provisions calculated in accordance with CBUAE requirements over the ECL allowance calculated under Stage 1 and Stage 2 as per IFRS 9 is transferred to 'General impairment reserve' as an appropriation from retained earnings. This reserve is not available for payment of dividends.

23. Income from Islamic financing and investing assets

	2024 **AED'000**	2023 AED'000
Income from Ijarahs	**569,695**	638,905
Income from Murabahat	**493,595**	463,485
Income from Wakala	**109,081**	107,551
Income from Istisna'a financing	**3**	92
	1,172,374	1,210,033

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

24. Income from Islamic investment securities

	2024 AED'000	2023 AED'000
Income from Islamic investment securities at FVTOCI	**123,443**	93,528
Realized gain/(loss) on disposal of Islamic investment securities at FVTOCI	**8,940**	1,874
(Loss)/gain on Islamic investment securities at FVTPL	**(9,480)**	51,900
Income from Islamic investment securities at amortised cost	**15,169**	22,454
Total	**138,072**	169,756

25. Fees, commission and other income

	2024 AED'000	2023 AED'000
Processing and evaluation fees	**18,476**	22,391
Arrangement fee	**13,494**	6,465
Foreign exchange income	**39,923**	35,234
Trade related commission and fees	**4,850**	4,738
Investment agent fees	**12,056**	5,855
Account and credit card related fees	**14,427**	5,294
Rental Income	**61,856**	72,059
Fair value gain on investment properties (Note 14)	**3,700**	24
Other	**21,926**	27,922
Total	**190,708**	179,982

26. Staff costs

	2024 AED'000	2023 AED'000
Salaries and allowances	**162,312**	149,969
Other staff related cost	**89,098**	95,614
	251,410	245,583

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

27. General and administrative expenses

	2024 **AED'000**	2023 AED'000
Premises and equipment maintenance costs	**26,176**	20,716
Communication expenses	**5,100**	6,459
Legal, professional and consultancy fees	**28,008**	9,888
Security services including cash in transit services	**3,652**	3,878
Software license	**4,802**	2,545
License fees	**2,818**	3,710
Printing and stationary	**715**	1,497
Marketing, designing and product development expenses	**2,143**	1,329
Rental expenses	**1,510**	1,055
Finance lease charges	**327**	261
Operational loss	**276**	10,700
Others	**19,293**	33,840
	94,820	95,878

28. Impairment allowance of financial assets

The movement in impairment allowance by financial asset category is as follows:

	Opening balance AED'000	**Net charge during the year AED'000**	**Write-off, net of recoveries and other transfers AED'000**	**Closing balance AED'000**	Net charge 31 December 2023 AED'000
Due from banks and other financial institutions (Note 10)	**10,798**	**(3,265)**	**-**	**7,533**	5,034
Islamic financing and investing assets (Note 11)	**633,820**	**218,068**	**(5,545)**	**846,343**	269,666
Islamic investment securities at amortised cost (Note 12)	**2,438**	**(2,438)**	**-**	**-**	(443)
Islamic investment securities at FVTOCI (*)	**3,963**	**5,390**	**-**	**9,353**	(668)
Other Islamic assets (Note 16)	**25,582**	**(466)**	**(431)**	**24,685**	8,365
Financial commitments and financial guarantees (Note 19)	**325,853**	**(290,529)**	**(26,482)**	**8,842**	448,064
Total	**1,002,454**	**(73,240)**	**(32,458)**	**896,756**	730,018

(*) Impairment allowance is recognised under "Revaluation reserve of investments designated at FVTOCI".

The credit impairment provisions calculated in accordance with CBUAE requirements were in excess of ECL allowance calculated under IFRS 9 as explained in note 22.

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

29. Basic and diluted earnings/(loss) per share

Earnings/(loss) per share are computed by dividing the profit/(loss) for the year by the weighted average number of shares outstanding during the year as follows:

	2024	2023
Basic earnings/(loss) per share		
Profit/(loss) before tax for the year (AED'000)	**439,779**	(390,359)
Weighted average number of shares outstanding At 1 January (in thousands)	**2,692,424**	2,100,000
Effect of bonus shares issued in 2024 (in thousands)	**-**	73,500
Effect of rights issue of shares (in thousands)		
Bonus element	**-**	-
New shares issued	**-**	383,954
Weighted average number of shares outstanding at 31 December (in thousands)	**2,692,424**	2,557,454
Basic and diluted earnings/(loss) per share (AED)	**0.163**	(0.153)

As at 31 December 2024 and 2023, there were no potential dilutive shares outstanding.

30. Cash and cash equivalents

	2024 **AED'000**	2023 AED'000
Cash and balances with the Central Bank (Note 9)	**2,459,522**	4,467,728
Due from banks and other financial institutions (original maturity less than three months)	**989,730**	433,060
	3,449,252	4,900,788
Less: Statutory deposit with the Central Bank (Note 9)	**(931,800)**	(719,375)
Less: International Murabahat with the Central Bank (original maturity more than three months)	**(700,000)**	(2,200,000)
	1,817,452	1,981,413

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

31. Related parties transactions

Certain "related parties" (such as directors, key management personnel and major shareholders of the Group and companies of which they are principal owners) are customers of the Group in the ordinary course of business. Transactions with such related parties are made on substantially the same terms, including profit rates and collateral, as those prevailing at the same time for comparable transactions with external customers and parties. Such related party transactions are disclosed below.

The Group is controlled by Ajman Government who owns 28% (2023: 26%) of the issued and paid capital.

Transactions

Transactions with related parties are shown below:

	2024			2023		
	Major shareholders AED'000	**Director and other related parties AED'000**	**Total AED'000**	Major shareholders AED'000	Director and other related parties AED'000	Total AED'000
Depositors' share of profit	**304,341**	**7,730**	**312,071**	204,114	5,606	209,720
Income from Islamic financing and investing assets	**5,215**	**10,067**	**15,282**	5,949	14,268	20,217

During the year, nil (31 December 2023: AED 2.5 million) was approved as Directors' remuneration by the shareholders at the annual general meeting held on 19 April 2023 and recorded in the consolidated statement of profit or loss.

Balances

Balances with related parties at the reporting date are shown below:

	2024			2023		
	Major shareholders AED'000	**Director and other related parties AED'000**	**Total AED'000**	Major shareholders AED'000	Director and other related parties AED'000	Total AED'000
Islamic financing and investing assets	**209,395**	**335,337**	**544,732**	235,891	333,102	568,993
Customers' deposits	**6,241,218**	**184,883**	**6,426,101**	5,436,438	181,766	5,618,204

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

31. Related parties transactions (continued)

Compensation of management personnel

Key management compensation is as shown below:

	2024 **AED'000**	2023 AED'000
Short term employment benefits	**9,780**	8,663
Terminal benefits	**339**	514
Total	**10,119**	9,177

32. Contingencies and commitments

32.1 Capital commitments

At 31 December 2024, the Group had outstanding capital commitments of AED 47 million (31 December 2023: AED 45 million), which will be funded within the next twelve months.

32.2 Credit related commitments and contingencies

Credit related commitments include commitments to extend credit which are designed to meet the requirements of the Group's customers.

The Group had the following credit related commitments and contingent liabilities as at 31 December:

	2024 **AED'000**	2023 AED'000
Investment commitments	**-**	26,500
Letters of credit	**34,643**	30,541
Letters of guarantee	**441,277**	392,563
Legal claim (Note 32.3)	**-**	285,242
	475,920	734,846

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

32. Contingencies and commitments

32.2 Credit related commitments and contingencies (continued)

Significant changes in the gross carrying amount of Financial commitments and financial guarantees during the year that contributed to changes in the loss allowance, is provided in the table below:

	Stage 1 AED'000	**Stage 2 AED'000**	**Stage 3 AED'000**	**Total AED'000**
As at 1 January 2024	316,207	73,557	345,082	734,846
- Transfer to stage 1	16,885	(16,885)	-	-
- Transfer to stage 2	(900)	900	-	-
Change in exposure	(40,501)	(10,270)	(4,085)	(54,856)
New financial commitments and financial guarantees recognized	140,913	-	-	140,913
Financial commitments and financial guarantees derecognised	(30,001)	(3,240)	(285,260)	(318,501)
Write-offs	-	-	(26,482)	(26,482)
As at 31 December 2024	**402,603**	**44,062**	**29,255**	**475,920**

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total
As at 1 January 2023	477,341	83,699	30,213	591,253
- Transfer to stage 1	11,884	(11,884)	-	-
- Transfer to stage 2	-	256	(256)	-
- Transfer to stage 3	(166,025)	-	166,025	-
Change in exposure	(715)	1,486	(1,076)	(305)
New financial commitments and financial guarantees recognized	99,535	-	285,242	384,777
Financial commitments and financial guarantees derecognised	(105,813)	-	(135,066)	(240,879)
As at 31 December 2023	316,207	73,557	345,082	734,846

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

32. Contingencies and commitments (continued)

32.2 Credit related commitments and contingencies (continued)

The tables below analyse the movement of the ECL allowance during the year per class of Financial commitments and financial guarantees.

	Stage 1 12-month ECL AED'000	**Stage 2 Life time ECL AED'000**	**Stage 3 Lifetime ECL AED'000**	**Total AED'000**
Loss allowance as at 1 January 2024	2,329	1,837	321,687	325,853
Changes in the loss allowance				
- Transfer to stage 1	475	(475)	-	-
Change in credit risk	(80)	916	(7,277)	(6,441)
New financial commitments and financial guarantees recognized	1,493	-	-	1,493
Financial commitments and financial guarantees derecognised	(123)	(198)	(285,260)	(285,581)
Write-offs	-	-	(26,482)	(26,482)
Loss allowance as at 31 December 2024	**4,094**	**2,080**	**2,668**	**8,842**

	Stage 1 12-month ECL AED'000	Stage 2 Life time ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Loss allowance as at 1 January 2023	626	2,766	9,463	12,855
Changes in the loss allowance				
- Transfer to stage 1	1,632	(1,632)	-	-
- Transfer to stage 3	(3)	-	3	-
Change in credit risk	25	703	162,046	162,774
New financial commitments and financial guarantees recognized	116	-	285,241	285,357
Financial commitments and financial guarantees derecognised	(67)	-	(135,066)	(135,133)
Loss allowance as at 31 December 2023	2,329	1,837	321,687	325,853

32.3 Legal claims

Litigation is a common occurrence in the banking industry due to the nature of the business. The Group has an established protocol for dealing with such claims, many of which are beyond its control. At the reporting date, the Group has several unresolved legal claims and based on the advice from legal counsel, management believes that these claims will not result in any material financial loss to the Group, other than what has been already provided for in these consolidated financial statements.

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

32. Contingencies and commitments (continued)

32.3 Legal claims (continued)

During previous years, the Group signed settlement agreements with a customer wherein both parties agreed that the Group acquires the assets of the customer in settlement of the financial obligation. The carrying value of the properties recorded under “Assets acquired in settlement of Islamic financing and investing assets” was AED 418 million while the fair value of these properties amounted to AED 355 million. Accordingly, during the year 2023, the Group booked an impairment loss of AED 63 million against these properties (Note 16). The Group had a first-degree mortgage over the properties; however, the transfer of the title deed of the mortgaged properties in the Group’s name in accordance with provisions of the settlement agreements with the Group’s customer could not be completed due to some attachments and claims on such properties enforced by Dubai Courts in different cases filed by third parties against the Group and the Group’s customer.

The Dubai Court of First Instance judgement indicated that the third party shall have a claim to the properties under dispute in the limit of AED 250 million, in addition to interest and legal charges. On 20 July 2023, the Dubai Court of Appeal confirmed the judgment of the Dubai Court of First Instance. The Group has filed an appeal before the Dubai Court of Cassation demanding revocation of the previous judgments. The Dubai Court of Cassation issued its judgment on 22 April 2024 rejecting the appeal filed by the Group. During 2024, a Judicial committee has been formed by Amiri Decree, who issued its judgment on 7 October 2024 in favor of the Group whereby it has cancelled all the judgments issued against the Group and issued new judgment whereby it dismissed the case filed by the third party against the Group accordingly, the Group have reversed a provision of AED 285 million.

Based on above, the Group is in the process of filing execution against this customer and also pursuing substantive cases for the ownership of subject properties in Group’s name.

33. Segment analysis

Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reporting provided to the Executive Committee (the chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assesses its performance.

For operating purposes, the Group is organised into the following business segments:

- Consumer banking – comprising personal banking and priority banking where various products are offered like private customer current accounts, savings accounts, deposits, credit and debit cards, personal finance and house mortgage;
- Wholesale banking - incorporating transactions with corporate bodies including government and public bodies and comprising of Islamic financing and investing assets, deposits, trade finance transactions, investment solutions, wealth management, leasing of commercial and residential properties; and
- Treasury - incorporating activities of the dealing room, related money market, foreign exchange transactions with other banks and financial institutions including the Central Bank of the UAE.

As the Group’s segment operations are all financial with a majority of revenues deriving income from Islamic financing and investing assets and the Executive Committee relies primarily on net income to assess the performance of the segment, the total income and expense for all reportable segments is presented on a net basis.

The Group’s management reporting is based on a measure of operating profit comprising income from Islamic financing and investing assets and securities, impairment charges, net fee and commission income, other income and expenses.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of the balance sheet items.

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

33. Segment analysis (continued)

Segment results of operations

The segment information provided to the Board of Directors for the reportable segments is as follows:

	Consumer banking AED'000	Wholesale banking AED'000	Treasury AED'000	Others AED'000	Total AED'000
At 31 December 2024					
Net income from Islamic financing and investing assets	279,453	248,654	(120,680)	-	407,427
Income from Islamic investment securities	-	-	138,072	-	138,072
Write-back of / (provision for) expected credit losses on financial assets	(21,520)	97,637	(2,877)	-	73,240
Fees, commission and other income	14,686	116,793	56,421	2,808	190,708
Staff costs	(153,035)	(88,014)	(7,507)	(2,854)	(251,410)
General and administrative expenses and depreciation of property and equipment	(73,456)	(41,077)	(3,345)	(380)	(118,258)
Income tax expense	(4,019)	(29,716)	(5,394)	-	(39,129)
Operating profit/(loss)	42,109	304,277	54,690	(426)	400,650
Segment assets	6,036,321	9,603,456	5,495,033	1,719,538	22,854,348
Segment liabilities	11,949,693	6,613,354	2,980	1,176,511	19,742,538

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

33. Segment analysis (continued)

Segment results of operations (continued)

	Consumer banking AED'000	Wholesale banking AED'000	Treasury AED'000	Others AED'000	Total AED'000
At 31 December 2023					
Net income from Islamic financing and investing assets	208,711	386,235	(87,158)	-	507,788
Income from Islamic investment securities	-	65,491	104,265	-	169,756
Impairment of associates	-	(88,703)	-	-	(88,703)
Impairment charges on financial and non-financial assets	4,785	(794,592)	606	-	(789,201)
Fees, commission and other income	43,116	111,803	25,063	-	179,982
Staff costs	(160,723)	(58,668)	(26,192)	-	(245,583)
General and administrative expenses and depreciation of property and equipment	(92,999)	(22,086)	(9,313)	-	(124,398)
Operating profit/(loss)	2,890	(400,520)	7,271	-	(390,359)
Segment assets	3,773,772	13,383,178	5,836,205	1,942,377	24,935,532
Segment liabilities	6,318,865	14,258,606	745,440	937,669	22,260,580

Revenue from major products and services

Revenue from major products and services are disclosed in Note 24 in the consolidated financial statements.

Information about major customers

No single customer contributed 10% or more to the Group's revenue for both years ended 31 December 2024 and 2023.

34. Maturity profile of financial liabilities

	2024		
	Up to 1 year AED'000	**1 - 5 years AED'000**	**Total AED'000**
Islamic customers' deposits	**14,842,362**	**3,219,205**	**18,061,567**
Due to banks and other financial institutions	**479,651**	**500,000**	**979,651**
Other liabilities	**564,072**	**-**	**564,072**
	15,886,085	**3,719,205**	**19,605,290**
Commitments and contingent liabilities	**142,104**	**333,816**	**475,920**

	2023		
	Up to 1 year AED'000	1 - 5 years AED'000	Total AED'000
Islamic customers' deposits	16,273,278	3,451,470	19,724,748
Due to banks and other financial institutions	1,604,754	-	1,604,754
Other liabilities	557,246	-	557,246
	18,435,278	3,451,470	21,886,748
Commitments and contingent liabilities	408,820	326,026	734,846

35. Social contributions

The social contribution (including donations and charities) made during the year amounted to AED 1.6 million (2023: AED 0.3 million).

36. Comparative information

Certain comparative amounts in these consolidated financial statements have been adjusted to confirm with the current period's presentation.

37. Taxation

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime is effective from 1 June 2023 and accordingly, it has an income tax related impact on the financial statements for accounting periods beginning on or after 1 June 2023.

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

37. Taxation (continued)

The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted from the perspective of IAS 12 – Income Taxes. A rate of 9% will apply to taxable income exceeding AED 375,000 and a rate of 0% will apply to taxable income not exceeding AED 375,000 and a rate of 0% on qualifying income of free zone entities.

During the year ended 31 December 2024, the Group has recorded a provision for current income tax amounting AED 39.1 million (31 December 2023: nil) in accordance with the CT Law, representing an effective tax rate of 8.9% and deferred taxation liability arising from investment securities amounting AED 5.5 million (31 December 2023: nil).

38. Approval of consolidated financial statements

The consolidated financial statements were approved by the Board of Directors and authorized for issue on 22 January 2025.