

Al Maryah Community Bank L.L.C.

REPORT OF THE BOARD OF DIRECTORS AND CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

Al Maryah Community Bank L.L.C.

Report of the board of directors and consolidated financial statements for the year ended 31 December 2024

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Al Maryah Community Bank L.L.C.

REPORT OF THE BOARD OF DIRECTORS

31 December 2024

Al Maryah Community Bank L.L.C.

REPORT OF THE BOARD OF DIRECTORS

For the year ended 31 December 2024

On behalf of the Board of Directors, I am delighted to present the financial statements of Al Maryah Community Bank L.L.C. (the "Bank") for the year ended 31 December 2024. As we continue to build on our strong foundation, this year has been marked by significant financial growth and strategic achievements, reinforcing our commitment to operational excellence and sustainable expansion.

Financial results

This year, we witnessed remarkable growth across key financial metrics. Our gross loans and advances grew to AED 824,833 thousand in 2024 from AED 588,947 thousand in 2023, illustrating our ability to meet our clients' diverse financial needs. Customer deposits significantly increased to AED 3,935,215 thousand in 2024 from AED 2,405,929 thousand in 2023, underscoring our continuing strategic growth in the market. Our investment portfolio expanded to AED 98,863 thousand in 2024 from AED 71,412 thousand in 2023, reflecting our prudent investment strategies.

Notably, net interest income surged to AED 141,685 thousand in 2024 from AED 64,921 thousand in 2023, and net fees and commission income increased to AED 29,161 thousand in 2024 from AED 27,063 thousand in 2023.

Moreover, we achieved a net profit before tax of AED 10,257 thousand in 2024, compared to AED 3,383 thousand in 2023, marking a significant improvement in profitability and demonstrating the strength of our financial position.

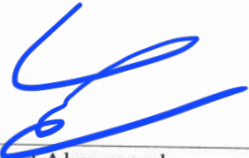
Looking ahead

Looking ahead, we are committed to sustaining our growth trajectory, managing risks effectively and serve the Community in line with the vision of the leadership of the United Arab Emirates. We will continue to leverage technology to enhance our services and operational efficiency. Our focus on excellence and innovation positions us well for future growth.

Financial statements

The Board of Directors reviewed and approved the financial statements of the Bank for year ended 31 December 2024 on 31 July 2025.

On behalf of the Board of Directors


Tariq Ahmed Almasaood
Chairman of the board

Date: 31 July 2025
Abu Dhabi
United Arab Emirates

Al Maryah Community Bank L.L.C.

CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024



Independent auditor's report to the shareholders of Al Maryah Community Bank L.L.C

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Al Maryah Community Bank L.L.C (the "Bank") and its subsidiaries (together 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.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

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

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

Independence

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

Other information

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

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

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

Independent auditor's report to the shareholders of Al Maryah Community Bank L.L.C (continued)

Other information (continued)

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

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

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the applicable provisions of the UAE Federal-Decree Law No. (32) of 2021, and Article (114) of the Decretal Federal Law No. (14) of 2018, as amended, and for such internal control as Directors 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, the Directors are 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 the Directors 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.

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Director'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent auditor's report to the shareholders of Al Maryah Community Bank L.L.C (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated 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.

Report on other legal and regulatory requirements

As required by the UAE Federal-Decree Law No. (32) of 2021, we report that:

- (i) we have obtained all the information we considered necessary for the purposes of our audit;
- (ii) the consolidated 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;
- (iii) the Group has maintained proper books of account;
- (iv) the financial information included in the Report of Board of Directors to the shareholders is consistent with the books of account of the Group;
- (v) as disclosed in note 6 and note 7 to the consolidated financial statements the Group has purchased or invested in shares during the year ended 31 December 2024;
- (vi) note 25 to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted;
- (vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the year ended 31 December 2024 any of the applicable provisions of the UAE Federal-Decree Law No. (32) of 2021, or in respect of the Bank, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2024; and
- (viii) note 21 to the consolidated financial statements discloses the social contributions made during the financial year ended 31 December 2024.

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

For and on behalf of PricewaterhouseCoopers Limited Partnership – Abu Dhabi
1 August 2025



Jigesh Ashokkumar Shah
Registered Auditor Number 5621
Place: Abu Dhabi, United Arab Emirates

Al Maryah Community Bank L.L.C.

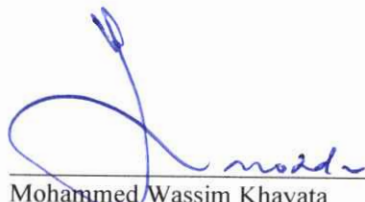
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	Note	2024 AED'000	2023 AED'000
ASSETS			
Cash and balances with the Central Bank of the UAE	3	3,576,195	2,118,452
Deposits and balances due from banks	4	18,990	83,333
Loans and advances to customers, net	5	820,957	586,483
Financial assets at fair value through profit or loss	6	82,848	58,800
Financial assets at fair value through other comprehensive income	7	16,015	12,612
Property and equipment and right-of-use assets	8	36,180	33,754
Intangible assets	9	59,481	50,772
Other assets	10	55,314	19,896
TOTAL ASSETS		4,665,980	2,964,102
LIABILITIES AND EQUITY			
Liabilities			
Deposits from customers	11	3,935,215	2,405,929
Other liabilities	12	171,705	142,560
Lease liabilities	13	11,087	14,584
Total liabilities		4,118,007	2,563,073
Equity			
Share capital	14	600,000	500,000
Legal reserve	15	653	169
Fair value reserve	16	1,961	2,206
Impairment reserve		3,238	2,783
Accumulated losses		(94,130)	(104,129)
Total equity attributable to shareholders of the Bank		511,722	401,029
Non-controlling interest	17	36,251	-
Total equity		547,973	401,029
TOTAL EQUITY AND LIABILITIES		4,665,980	2,964,102

These consolidated financial statements were approved by the Board of Directors and authorized for issue on 31 July 2025, and signed on its behalf by:


Tariq Ahmed Almasaood
Chairman of the Board


Mohammed Wassim Khayata
Chief Executive Officer

The attached notes 1 to 29 form part of these consolidated financial statements.

Al Maryah Community Bank L.L.C.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the year ended 31 December

	<i>Note</i>	2024 <i>AED'000</i>	2023 <i>AED'000</i>
Interest income	18	202,505	83,147
Interest expense	18	(60,820)	(18,226)
Net interest income		141,685	64,921
Fees and commission income	19	67,000	38,835
Fees and commission expense	19	(37,839)	(11,772)
Net fees and commission income		29,161	27,063
Net gain from financial assets carried at fair value through profit or loss	20	2,614	8,127
Dividend income		3,682	2,534
Other income		16,470	-
Operating income		193,612	102,645
Operating expenses	21	(179,488)	(96,911)
Net income before impairment		14,124	5,734
Net impairment charge on financial assets	22	(3,867)	(2,351)
Profit before tax		10,257	3,383
Tax for the year	23	(568)	-
Net profit for the year		9,689	3,383
Net profit for the year attributable to:			
Owners of the Bank		10,938	3,383
Non-controlling interest		(1,249)	-
Other comprehensive income			
Net unrealized (loss) / gain from financial assets at fair value through other comprehensive income	7	(269)	278
Income from deferred tax on other comprehensive income		24	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		9,444	3,661

The attached notes 1 to 29 form part of these consolidated financial statements.

Al Maryah Community Bank L.L.C

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	<i>Share capital AED '000</i>	<i>Fair value reserve AED '000</i>	<i>Legal reserve AED '000</i>	<i>Impairment reserve AED '000</i>	<i>Accumulated losses AED '000</i>	<i>Equity attributable to owners of the bank AED '000</i>	<i>NCI AED '000</i>	<i>Total Equity AED '000</i>
As at 1 January 2023	300,000	1,928	-	305	(104,865)	197,368	-	197,368
Issuance of shares	200,000	-	-	-	-	200,000	-	200,000
Profit for the year	-	-	-	-	3,383	3,383	-	3,383
Other comprehensive loss	-	278	-	-	-	278	-	278
Total comprehensive income	500,000	2,206	-	305	(101,482)	401,029	-	401,029
Notional transfer during the year*	-	-	169	2,478	(2,647)	-	-	-
As at 31 December 2023	500,000	2,206	169	2,783	(104,129)	401,029	-	401,029
As at 1 January 2024	500,000	2,206	169	2,783	(104,129)	401,029	-	401,029
Issuance of shares	100,000	-	-	-	-	100,000	37,500	137,500
Profit for the year	-	-	-	-	10,938	10,938	(1,249)	9,689
Other comprehensive loss, net of tax	-	(245)	-	-	-	(245)	-	(245)
Total comprehensive income	600,000	1,961	169	2,783	(93,191)	511,722	36,251	547,973
Notional transfer during the year*	-	-	484	455	(939)	-	-	-
As at 31 December 2024	600,000	1,961	653	3,238	(94,130)	511,722	36,251	547,973

*Notional transfer to impairment reserve from accumulated losses is inline with the requirements of the Central Bank of the UAE.
The attached notes 1 to 29 form part of these consolidated financial statement.

Al Maryah Community Bank L.L.C

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December

	Note	2024 AED'000	2023 AED'000
OPERATING ACTIVITIES			
Profit before tax		10,257	3,383
Adjustments for:			
Depreciation of property and equipment	21	7,043	6,558
Depreciation of right-of-use assets	21	4,605	4,248
Amortization of intangible assets	21	10,126	6,401
Dividend income	19	(3,682)	(2,534)
Net gain from disposal of financial assets carried at fair value through profit or loss	19	(100)	(413)
Change in fair value of investments carried at fair value through profit or loss	19	(2,514)	(7,714)
Impairment charge on loans and advances	22	1,659	2,264
Impairment charge on off balance sheet exposure		2,303	-
Impairment (reversal) / charge on deposits and balances due from banks	22	(95)	87
Provision for employees' end of service benefits	12	1,604	797
Leases finance costs	21	202	506
		31,408	13,583
Changes in working capital:			
Deposits and balances due from banks with maturities over three months		77,500	(57,500)
Loans and advances to customers		(236,133)	(577,769)
Other assets		(35,418)	(13,805)
Other liabilities		24,694	30,799
Deposits from customers		1,529,286	1,672,723
Net cash flows from operating activities		1,391,337	1,068,031
INVESTING ACTIVITIES			
Purchase of property and equipment and right-of-use assets	8	(12,946)	(3,361)
Purchase of intangible assets	9	(18,835)	(23,935)
Dividends received		3,682	2,534
Purchase of financial assets carried at fair value through profit or loss	6	(27,736)	(22,586)
Purchase of financial assets carried at fair value through other comprehensive income	7	(3,672)	(10,992)
Proceeds from disposals of financial assets carried at fair value through profit or loss	6	6,302	12,275
Proceeds from disposals of financial assets carried at fair value through other comprehensive income	7	-	3,736
Net cash flows used in investing activities		(53,205)	(42,329)
FINANCING ACTIVITIES			
Issuance of share capital	14	100,000	200,000
Payment of lease liabilities	13	(4,827)	(4,059)
Transaction with non-controlling interest		37,500	-
Due to shareholders		-	(71,000)
Net cash flows from financing activities		132,673	124,941
INCREASE IN CASH AND CASH EQUIVALENTS		1,470,805	1,150,643
Cash and cash equivalents at 1 January		2,124,385	973,742
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	24	3,595,190	2,124,385

The attached notes 1 to 29 form part of these consolidated financial statements.

Al Maryah Community Bank L.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1 ACTIVITIES

Al Maryah Community Bank L.L.C. (the “Bank”) and its subsidiaries (together referred as the “Group”) is a specialized commercial digital bank which was incorporated and registered as a limited liability company in the Emirate of Abu Dhabi, UAE on 6 June 2021 and pursuant to the specialized banks with low-risk regulations issued pursuant to Federal Law by Decree No. 14 of 2018. The Bank’s registered address is P.O. Box 111485, 454 Shakhbout Bin Sultan Street, Abu Dhabi, United Arab Emirates.

The Group is engaged in both retail and corporate banking activities in the UAE. The Group focuses on growth and serving its local community, in line with the vision of the UAE leaders in supporting individuals and small businesses within the UAE economy by employing forward thinking concepts driven by innovation and technology.

The consolidated financial statements comprise the financial statements of the Bank and its principal subsidiaries which is set out below:

Legal Name	Country of incorporation	Principal activities	Holding % 2024	Holding % 2023
AED Stablecoin LLC – S.P.C	United Arab Emirates	Payment Tokens Issuance	100%	-
Emirates Coin Investment LLC	United Arab Emirates	Investment Fund Management	25%	-

As of 31 December 2024, the Group elected to account for Emirates Coin Investment LLC (“EmCoin”) as a subsidiary, following an assessment of the entity’s governance structure. The assessment concluded that the Group has the power to direct the relevant activities of EmCoin and is therefore deemed to have control over the entity in accordance with the requirements of IFRS 10 *Consolidated Financial Statements*.

The Group will continue to reassess the governance structure of EmCoin at each reporting date. Any changes in the governance framework, decision-making authority, or other relevant factors that may impact the Group’s control assessment will be evaluated. Based on the outcome of such reassessments, the Group will determine the appropriate accounting treatment in subsequent reporting periods, which may include continued consolidation or equity method accounting, as applicable.

The consolidated financial statements of the Group for the year ended 31 December 2024 were authorised for issuance by the Board of Directors on 31 July 2025.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in compliance with the applicable provisions of the Group’s Memorandum of Association and the UAE Federal Decree-Law No. 26 of 2020 and UAE Federal Law No. (32) of 2021 and requirements of the Central Bank of the UAE for Specialized Banks.

Basis for measurement

These consolidated financial statements are prepared under the historical cost convention except for the following:

- Financial assets at fair value through profit or loss which are measured at fair value; and
- Financial assets at fair value through other comprehensive income which are measured at fair value.

Functional and presentation currency

The consolidated financial statements have been presented in UAE Dirhams, which is the functional and presentation currency of the Group, rounded to the nearest thousand except where otherwise stated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES continued

2.1 BASIS OF PREPARATION continued

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Bank. Control is achieved when the Bank is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Bank controls an investee if and only if the Bank has:

- power over the entity (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns

When the Bank has less than a majority of the voting or similar rights of an investee, the Bank considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Bank's voting rights and potential voting rights

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of subsidiaries begins when the Bank obtains control over the subsidiaries and ceases when the Bank loses control of the subsidiaries. Assets, liabilities, income and expenses of a subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Bank gains control until the date the Bank ceases to control the subsidiaries. The accounting policies of the subsidiaries are adjusted where necessary to ensure conformity with the policies adopted by the Group.

Profit or loss and each component of other comprehensive income are attributed to the Owner of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES continued

2.1 BASIS OF PREPARATION continued

Basis of consolidation continued

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new standards, interpretations and amendments effective as of 1 January 2024.

Title	Key requirements
Amendment to IAS 1 – Classification of liabilities as current or non-current and Non-current liabilities with covenants	These amendments made clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date. Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either on or before the reporting date, this needs to be considered in the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.
Amendment to IAS 7 and IFRS 7 – Supplier finance arrangements	On 25 May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to require specific disclosures about supplier finance arrangements (SFAs). The amendments respond to the need for more information about SFAs to be able to assess how these arrangements affect an entity's liabilities, cash flows and liquidity risk.
Amendments to IFRS 16 – Lease liability in a sale and leaseback	In September 2022, the IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction. The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

These amendments did not have any impact on the consolidated financial statements for the year ended 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES continued

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following new standards / amendments to standards which were issued up to 31 December 2024 and not yet effective for the year ended 31 December 2024 have not been applied while preparing these consolidated financial statements. The Group does not expect that the adoption of these standards / amendments in future periods will have a material impact on its consolidated financial statements:

Title	Key requirements
Amendments to IAS 21 – Lack of Exchangeability (Effective for annual periods beginning on or after 1 January 2025)	the IASB amended IAS 21 to add requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not. These new requirements will apply for annual reporting periods beginning on or after 1 January 2025. Early application is permitted (subject to any endorsement process).
IFRS 18 Presentation and disclosure in financial statements (Effective for annual periods beginning on or after 1 January 2027)	This is the new standard on presentation and disclosure in financial statements, which replaces IAS 1, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to: - the structure of the statement of profit or loss with defined subtotals; - requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss - required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and - enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.
Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments (Effective for annual periods beginning on or after 1 January 2026)	On 30 May 2024, the IASB issued targeted amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments: (a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; (b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; (c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and (d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).
IFRS 19 Subsidiaries without Public Accountability: Disclosures (Effective for annual periods beginning on or after 1 January 2027)	This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements; and it applies instead the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if: - it does not have public accountability; and - it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES continued

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES

Financial instruments

Initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial asset or a financial liability is recognised when the Group becomes a party to the contractual provisions of the instrument. All regular way purchase and sale of financial assets are recognised using settlement date accounting. Changes in fair value between the trade date and settlement date are recognised in the income statement or in statement of other comprehensive income in accordance with the policy applicable to the related instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the marketplace.

At initial recognition, financial assets and financial liabilities are measured at amortized cost or at fair value through profit or loss or other comprehensive income plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

i) Financial assets

Subsequent measurement of financial assets

After initial recognition, an entity shall measure a financial asset in accordance with its classification at:

- amortised cost less impairment;
- fair value through other comprehensive income less impairment (debt instruments);
- fair value through other comprehensive (equity securities); or
- fair value through profit or loss.

Financial assets are classified in their entirety on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are measured either at amortised cost or fair value.

Impairment is assessed on the financial assets measured at amortised cost and debt instruments at fair value through other comprehensive income as disclosed below.

Offsetting of financial instruments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES continued

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Financial instruments continued

i) Financial assets continued

De-recognition

A financial asset (in whole or in part) is derecognised either when:

- the contractual rights to receive the cash flows from the asset have expired; or
- the Group retains the right to receive cash flows from the assets but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Group have transferred its rights to receive cash flows from the asset and either
 - have transferred substantially all the risks and rewards of the asset, or
 - have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial assets at amortised cost

A financial asset is measured at amortised cost, if both the following conditions are met:

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

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. However, the Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

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 Group of those policies in practice. In particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing 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; and
- the frequency, volume and timing of sales in prior years, the reasons for such sales and its expectations about the 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 realized.

The Group has classified cash and balances with the Central Bank of the UAE, deposits and balances due from banks, loans and advances to customers and certain other assets as financial assets at amortised cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES continued

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Financial instruments continued

i) Financial assets continued

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as Dividend from financial assets at fair value through other comprehensive income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss (equity instruments)

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes quoted equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on quoted and unquoted equity investments are recognised under investment and net gain from financial assets carried at fair value through profit or loss in the statement of profit or loss when the right of payment has been established.

Measurement

Where the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group would be required to pay.

ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Impairment of financial assets

Impairment assessment

Group assesses whether financial assets carried at amortised cost are credit-impaired. 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. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a financing by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES continued

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Financial instruments continued

ii) Financial liabilities continued

Impairment of financial assets continued

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and balances with the Central Bank of the UAE and balances with other banks with original maturities of less than 3 months.

Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Capital projects in progress are initially recorded at cost and regularly tested for impairment and upon completion are transferred to the appropriate category of property and equipment and thereafter depreciated.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Vacant lands that are granted to the Group are generally recorded at their nominal value of AED 1.

Depreciation is calculated to reduce the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Freehold Lands and Capital work in progress are not depreciated.

The estimated useful lives of the assets for the calculation of depreciation are as follows:

	<i>Years</i>
Leasehold improvements	5.5
Furniture and fixtures	5.5
Office equipment	5.5
Motor vehicles	4
Computer equipment	3 - 5.5

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES continued

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Property and equipment continued

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group applies a single recognition and measurement approach for all leases, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i). Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented within property and equipment and are subject to impairment in line with the Group's policy.

ii). Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

Intangible assets

License and software acquired by the Group is stated at cost less accumulated amortisation and impairment. Subsequent expenditure on intangible assets is capitalised only when such expenditure increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

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

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

The estimated useful lives of the assets for the calculation of depreciation are as follows:

	<i>Years</i>
Computer software	5.5
License	5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES continued

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Provisions

Provisions are recognised when the Group have a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit or loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised in the statement of profit or loss.

Provision for employees' end of service benefits

The Group provides end of service benefits to its other employees. The entitlement to these benefits is usually based upon the employees' length of service and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment and are not less than the liability arising under the UAE Labour Laws.

With respect to its UAE national employees, the Group makes contributions to Abu Dhabi Pension Fund (ADPF) calculated as 15% of the employees' pensionable salary in accordance with Law No. 2 of 2000 regarding Civil Retirement Pensions and Benefits in the Emirate of Abu Dhabi and its Amendments. The Group's obligations are limited to these contributions, which are expensed when due.

Contingent liabilities and assets

Contingent liabilities are not recognised in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the consolidated financial statements but are disclosed when the possibility of an inflow of resources embodying economic benefits is probable.

Contingencies and commitments

Contingencies are possible obligation or assets that arises from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Further, the obligation arising from past events where the liability cannot be determined with reasonable certainty or probability of outflow of resources cannot be determined are also contingencies.

A commitment is a binding contract for the exchange of a specified quantity of resourced at a specific price on specified future dates or date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the statement of profit or loss and comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Exchange differences are recognised in profit or loss in the period in which they arise.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES continued

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Revenue recognition continued

The following specific recognition criteria must also be met before revenue is recognised:

Interest income and expense are recognised in the statement of profit or loss and comprehensive income as they accrue, taking into account the effective yield of the asset / liability or an applicable floating rate. Interest income and expense includes the amortisation of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income are recognised as the related services are performed.

Fair value

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic benefit.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Income tax

Income tax expense comprises of current and deferred tax. It is recognised in profit or loss except to the extent it relates to items recognised directly in equity or OCI.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years. Taxable profit differs from profit as reported in the consolidated statement of profit or loss statement 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES continued

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Income tax continued

Deferred tax is recognised in respect of temporary differences at the reporting date between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is recognised in respect of temporary differences at the reporting date between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is recognised for all taxable differences, except for the following:

- temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss,
- temporary differences relating to investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled, and it is probable that temporary differences will not reverse in the foreseeable future.

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. 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 profit will be available to allow for all or part of the deferred tax asset to be utilised.

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

In determining the amount of current and deferred tax, the Group considers the impact of tax exposures, including whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities would impact tax expense in the period in which such a determination is made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES continued

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of financial assets and liabilities and the resultant allowances for impairment and fair values. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment losses on financial assets

The Group incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

The Group adapts three economic scenarios a base case, which is the median scenario assigned a 34.10 % probability of occurring, and two less likely scenarios, one upside and one downside, each assigned a 32.95% probability of occurring.

The Group has identified and documented key drivers of credit risk and credit losses of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The economic scenarios for corporate portfolio used as at 31 December 2024 included the following key indicators for the years ending 31 December 2024 to 2026.

Year	Lending interest rate (%)	Current-account balance (% of GDP)	Real GDP (% change pa)	Base PD	Upside PD	Downside PD
2024	9.20%	13.60%	4.00%	3.662%	3.159%	4.166%
2025	9.10%	14.00%	4.70%	4.386%	3.241%	5.705%
2026	8.50%	14.50%	3.80%	5.083%	3.115%	7.738%

The economic scenarios for retail portfolio used as at 31 December 2024 included the following key indicators for the years ending 31 December 2024 to 2026.

Year	Gross fixed investment (% real change pa)	Domestic credit growth (%)	Exports of G&S (% real change pa)	Base PD	Upside PD	Downside PD
2024	4.00%	4.00%	6.88%	2.021%	1.384%	2.659%
2025	3.70%	3.40%	5.90%	2.091%	0.955%	3.665%
2026	3.50%	4.50%	6.50%	2.107%	0.614%	5.030%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES continued

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES continued

Classification of investments

The Group applies significant judgement with respect to the classification of investments with respect to control (including de-facto control), joint control and significant influence exercised on those investments or an investment is simply a financial investment.

For assessing control, the Group has considered power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect its returns. In case, where the Group has less than majority of the voting or similar rights in an investee, the Group has considered all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee and de-facto control on listed securities. Management's assessment considered the Group's ability to exercise control in the event of a deadlock situation with other vote holders and in situations where the Group holds convertible instruments, the Group has considered potential voting rights.

Useful lives and residual values of property and equipment and intangible assets

The management determines the estimated useful lives of its property and equipment and intangible assets for calculating depreciation and amortization. This estimate is determined after considering the expected usage of the asset or physical wear and tear. These estimates would be adjusted where management believes that the useful lives differ from previous estimates.

Impairment of property and equipment and intangible assets

Property and equipment and intangible assets are assessed for impairment based on an assessment of whether impairment indicators exist at the statement of financial position date. Management has not provided any impairment amounts in the current year as management has not identified any impairment indicators.

Leases - estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

2.6 SEASONALITY OF RESULTS

There is no seasonality or cyclicity in operations for the Group which would affect the interpretation of readers for these consolidated financial statements.

Al Maryah Community Bank L.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3 CASH AND BALANCES WITH THE CENTRAL BANK OF THE UAE

	2024 AED'000	2023 AED'000
Cash on hand	22,535	16,831
Balances with the Central Bank of the UAE	3,553,660	2,101,621
	3,576,195	2,118,452

Included under balances with the Central Bank of the UAE as of 31 December 2024, is a balance pertaining to overnight deposit facility amounting to AED 3,350,000 thousand (31 December 2023: AED 2,020,000 thousand). During the year, the overnight deposit facility was subject to a base interest rate ranging between 4.40% to 5.40% per annum (during the year ended 31 December 2023: base interest rate ranging between 4.40% to 5.40% per annum)

4 DEPOSITS AND BALANCES DUE FROM BANKS

	2024 AED'000	2023 AED'000
Current accounts	18,995	5,933
Placements	-	77,500
	18,995	83,433
Less: allowance for expected credit losses	(5)	(100)
	18,990	83,333

All placements as at 31 December 2024 and 31 December 2023 are in the UAE and held in AED.

5 LOANS AND ADVANCES TO CUSTOMERS, NET

	2024 AED'000	2023 AED'000
Corporate loan	244,145	91,869
Personal loans	236,067	106,773
Corporate overdrafts	192,826	218,456
Retail overdrafts	148,558	168,001
Credit cards	3,237	3,848
	824,833	588,947
Less: allowance for expected credit losses	(3,624)	(2,464)
Less: Interest in suspense	(252)	-
	820,957	586,483

Overdrafts include overdraft facilities for the purpose of shares trading for corporate and retail customers. As of 31 December 2024, corporate overdrafts for shares trading is at AED 175,457 thousand (as at 31 December 2023: AED 217,539 thousand) and retail overdrafts for shares trading is at AED 106,968 thousand (as at 31 December 2023: AED 147,021 thousand).

Allowance for expected credit losses on loans and advances to customers, net have been disclosed in further detail in note 27.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>2024</i> <i>AED'000</i>	<i>2023</i> <i>AED'000</i>
Quoted equity securities in the UAE	82,848	58,800

These financial assets are classified at level 1 of the fair value hierarchy and recorded using the valuation techniques as disclosed in note 27. Movement in investments in financial assets carried at fair value through profit or loss is as follows:

	<i>2024</i> <i>AED'000</i>	<i>2023</i> <i>AED'000</i>
At 1 January	58,800	40,362
Additions	27,736	22,586
Change in fair value	2,514	8,127
Disposals	(6,202)	(12,275)
At 31 December	82,848	58,800

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<i>2024</i> <i>AED'000</i>	<i>2023</i> <i>AED'000</i>
Quoted equity securities in the UAE	16,015	12,612

These financial assets are classified at level 1 of the fair value hierarchy and recorded using the valuation techniques as disclosed in note 27. Movement in investments in financial assets carried at fair value through other comprehensive income is as follows:

	<i>2024</i> <i>AED'000</i>	<i>2023</i> <i>AED'000</i>
At 1 January	12,612	5,078
Additions	3,672	10,992
Change in fair value	(269)	278
Disposal	-	(3,736)
At 31 December	16,015	12,612

The movement in the value of these equity securities for the year ended 31 December 2024 was recorded under “Fair value reserve” in equity (note 16).

Al Maryah Community Bank L.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

8 PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	<i>Leasehold improvements AED'000</i>	<i>Furniture and fixtures AED'000</i>	<i>Office equipment AED'000</i>	<i>Motor vehicles AED'000</i>	<i>Computer equipment AED'000</i>	<i>Capital work in progress AED'000</i>	<i>Right-of-use assets AED'000</i>	<i>Total AED'000</i>
<i>Cost</i>								
At 1 January 2024	25,280	2,650	361	614	7,194	1,159	22,173	59,431
Additions	2,142	986	599	26	984	8,209	1,128	14,074
At 31 December 2024	27,422	3,636	960	640	8,178	9,368	23,301	73,505
<i>Accumulated depreciation</i>								
At 1 January 2024	11,416	602	157	308	3,541	-	9,653	25,677
Charge for the year	4,727	579	81	158	1,498	-	4,605	11,648
At 31 December 2024	16,143	1,181	238	466	5,039	-	14,258	37,325
<i>Net carrying amount</i>								
At 31 December 2024	11,279	2,455	722	174	3,139	9,368	9,043	36,180

Property and equipment include a plot of land granted by the Government of Dubai to the Group. The land is vacant as at 31 December 2024 and is recorded at a nominal value of AED 1.

Al Maryah Community Bank L.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

8 PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS continued

	<i>Leasehold improvements AED'000</i>	<i>Furniture and fixtures AED'000</i>	<i>Office equipment AED'000</i>	<i>Motor vehicles AED'000</i>	<i>Computer equipment AED'000</i>	<i>Capital work in progress AED'000</i>	<i>Right-of-use assets AED'000</i>	<i>Total AED'000</i>
<i>Cost</i>								
At 1 January 2023	24,758	1,204	361	614	6,960	-	19,853	53,750
Additions	522	1,446	-	-	234	1,159	2,320	5,681
At 31 December 2023	25,280	2,650	361	614	7,194	1,159	22,173	59,431
<i>Accumulated depreciation</i>								
At 1 January 2022	6,844	351	99	155	2,017	-	5,405	14,871
Charge for the year	4,572	251	58	153	1,524	-	4,248	10,806
At 31 December 2023	11,416	602	157	308	3,541	-	9,653	25,677
<i>Net carrying amount</i>								
At 31 December 2023	13,864	2,048	204	306	3,653	1,159	12,520	33,754

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

9 INTANGIBLE ASSETS

	<i>Computer software AED'000</i>	<i>License AED'000</i>	<i>Work in progress AED'000</i>	<i>Total AED'000</i>
<i>Cost</i>				
At 1 January 2024	50,875	2,973	7,667	61,515
Additions	18,586	-	249	18,835
At 31 December 2024	69,461	2,973	7,916	80,350
<i>Amortization</i>				
At 1 January 2024	9,710	1,033	-	10,743
Charge for the year	9,532	594	-	10,126
At 31 December 2024	19,242	1,627	-	20,869
<i>Net carrying amount</i>				
At 31 December 2024	50,219	1,346	7,916	59,481
<i>Cost</i>				
At 1 January 2023	22,138	2,973	12,469	37,580
Additions	19,222	-	4,713	23,935
Transfers	9,515	-	(9,515)	-
At 31 December 2023	50,875	2,973	7,667	61,515
<i>Amortization</i>				
At 1 January 2023	3,903	439	-	4,342
Charge for the year	5,807	594	-	6,401
At 31 December 2023	9,710	1,033	-	10,743
<i>Net carrying amount</i>				
At 31 December 2023	41,165	1,940	7,667	50,772

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

10 OTHER ASSETS

	<i>2024</i> <i>AED'000</i>	<i>2023</i> <i>AED'000</i>
Prepayments	11,191	4,163
Accrued interest receivable	8,243	6,935
Accounts receivable	26,875	5,474
VAT receivable	4,258	1,516
Others	4,747	1,808
	<u>55,314</u>	<u>19,896</u>

11 DEPOSITS FROM CUSTOMERS

	<i>2024</i> <i>AED'000</i>	<i>2023</i> <i>AED'000</i>
<i>By account:</i>		
Current accounts	1,624,535	1,209,555
Saving accounts	473,084	258,768
Term deposits	1,802,846	937,606
Cash margin	34,750	-
	<u>3,935,215</u>	<u>2,405,929</u>
<i>By type:</i>		
Corporate accounts	2,331,058	909,685
Retail accounts	1,604,157	1,496,244
	<u>3,935,215</u>	<u>2,405,929</u>
<i>Geographic region:</i>		
UAE	3,935,215	2,405,929

12 OTHER LIABILITIES

	<i>2024</i> <i>AED'000</i>	<i>2023</i> <i>AED'000</i>
Account payables	18,133	81,314
Cards related payables and liabilities	28,493	28,604
Managers' cheques	69,041	14,991
Accrued expenses and provisions*	27,111	9,490
Deferred income	3,653	2,294
Accrued interest payable	19,235	4,181
Provision for ECL on off balance sheet exposures	2,303	-
Provision for employees' end of service benefits**	2,471	1,325
Corporate income tax payable	544	-
Others	721	361
	<u>171,705</u>	<u>142,560</u>

*This includes provision for staff incentive of AED 11,472 thousand (31 December 2023: AED 3,186 thousand), which is estimated based on expected future payout to selected employees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

12 OTHER LIABILITIES continued

**Movement in provision for employees' end of service benefits is as follows:

At 1 January	1,325	638
Provided during the year	1,604	797
Employees' end of service benefits paid	(458)	(110)
At 31 December	2,471	1,325

13 LEASE LIABILITIES

	2024 AED'000	2023 AED'000
At 1 January	14,584	15,817
Additions	1,128	2,320
Repayments made during the year	(4,827)	(4,059)
Finance cost on lease liability	202	506
At 31 December	11,087	14,584

13.1 Amounts recognised in the statement of comprehensive income relating to lease liability are as follows:

	For the year ended 31 December 2024 AED'000	For the year ended 31 December 2023 AED'000
Depreciation charge of right-of-use assets (note 21)	4,605	4,248
Finance cost on lease liability (note 21)	202	506

14 SHARE CAPITAL

During the year ended 31 December 2024, the Group increased its share capital from AED 500,000 thousand to AED 600,000 thousand after obtaining the approval from the Central Bank of the UAE.

As of 31 December 2024, the Group's share capital consists of 600,000,000 shares of AED 1 (31 December 2023: 500,000,000 shares of AED 1) each authorized issued and fully paid.

15 LEGAL RESERVE

As required by the UAE Federal Law No. (32) of 2021, 5% of the Group's profit for the year required to be transferred to the legal reserve until this reserve reaches half of the share capital. The reserve is not available for distribution. For the year ended 31 December 2024, the Group recorded a net profit of AED 9,689 thousand (for the year ended 31 December 2023: net profit of AED 3,383 thousand) and accordingly AED 484 thousand (31 December 2023: AED 169 thousand) was transferred to the legal reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

16 FAIR VALUE RESERVE

This balance represents unrealized valuation gains/ (losses) net of tax, on the financial assets at fair value through other comprehensive income at 31 December 2024 and 31 December 2023:

	<i>2024</i> <i>AED'000</i>	<i>2023</i> <i>AED'000</i>
At 1 January	2,206	1,928
Net changes in fair values during the year	(245)	278
At 31 December	<u>1,961</u>	<u>2,206</u>

17 NON-CONTROLLING INTEREST

	<i>2024</i> <i>AED'000</i>	<i>2023</i> <i>AED'000</i>
At 1 January	-	-
Origination of NCI value	37,500	-
NCI's share of subsidiary's loss for the year	(1,249)	-
At 31 December	<u>36,251</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

18 NET INTEREST INCOME

	<i>For the year ended 31 December 2024 AED'000</i>	<i>For the year ended 31 December 2023 AED'000</i>
<i>Interest income</i>		
Balances with the Central Bank of the UAE	137,890	63,184
Placements with banks	2,323	3,655
Loans and advances to customers	62,292	16,308
Total interest income	202,505	83,147
<i>Interest expense</i>		
Deposits from customers – term deposits	(58,200)	(16,193)
Deposits from customers – saving accounts	(2,477)	(1,745)
Deposits from customers – placements in IPO pool	(143)	(288)
Total interest expense	(60,820)	(18,226)
Net interest income	141,685	64,921

19 NET FEES AND COMMISSION INCOME

	<i>For the year ended 31 December 2024 AED'000</i>	<i>For the year ended 31 December 2023 AED'000</i>
<i>Fees and commission income</i>		
Financing fees	6,247	12,516
Card transactions related fees (a)	38,523	17,937
Account related fees	21,231	7,476
Other fees and commission income	999	906
Total fees and commission income	67,000	38,835
<i>Fees and commission expenses</i>		
Card transactions related charges (a)	(35,468)	(11,090)
Accounts related charges	(2,120)	(643)
Other charges	(251)	(39)
Total fees and commission expenses	(37,839)	(11,772)
Net fees and commission income	29,161	27,063

(a) Includes debit and credit cards related transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

20 NET GAIN FROM FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>For the year ended 31 December 2024 AED'000</i>	<i>For the year ended 31 December 2023 AED'000</i>
<i>Equity instruments</i>		
Realized gain from disposals	100	413
Unrealized gain from revaluation	2,514	7,714
Net gain from equity instruments	2,614	8,127

21 OPERATING EXPENSES

	<i>For the year ended 31 December 2024 AED'000</i>	<i>For the year ended 31 December 2023 AED'000</i>
Personnel and related expenses	93,793	44,772
Information technology expenses	41,617	23,415
Amortization of intangible assets	10,126	6,401
Depreciation of property and equipment	7,043	6,558
Board of Directors' attendance fees	5,651	865
Depreciation of right-of-use assets (<i>note 8</i>)	4,605	4,248
Marketing and advertising expenses	4,822	3,457
Card logistics and administration expenses	2,722	749
Premises & offices expenses	2,181	1,972
Professional fees	1,774	1,013
Insurance premiums	700	568
External auditor's fees	625	496
Finance cost – lease liability (<i>note 13</i>)	202	506
Other expenses	3,627	1,891
	179,488	96,911

During the year ended 31 December 2024, social contribution recorded was AED nil (*for the year ended 31 December 2023: AED nil*).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

22 NET IMPAIRMENT CHARGE

	<i>For the year ended 31 December 2024 AED'000</i>	<i>For the year ended 31 December 2023 AED'000</i>
Net impairment charge on loans and advances	1,659	1,177
Net impairment charge on off balance sheet loans and exposures	2,303	1,087
Net impairment (reversal) / charge on deposits and balances due from banks	(95)	87
Net impairment charge	3,867	2,351

23 CORPORATE INCOME TAX

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 became effective for accounting periods beginning on or after 1 June 2023.

Generally, UAE businesses will be subject to a 9% CT rate. A rate of 0% will apply to taxable income not exceeding AED 375,00.

Reconciliation of Group's taxable profit based on accounting profit is as follows:

	<i>2024 AED'000</i>	<i>2023 AED'000</i>
Accounting profit before tax for the year	10,257	-
Exempt income	(3,682)	-
Non-deductible expenses	382	-
Unrealized loss on investments at fair value through other comprehensive income	(269)	-
Taxable profit up to AED 375,000 at CT of 0%	(375)	-
Taxable profit above AED 375,000 at CT of 9% for the year	6,313	-

Based on the taxable profit above, the corporate tax expense for the year is:

	<i>For the year ended 31 December 2024 AED'000</i>	<i>For the year ended 31 December 2023 AED'000</i>
Corporate income tax expense for the year	568	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

24 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following amounts with original contractual maturities of less than three months:

	<i>2024</i> <i>AED'000</i>	<i>2023</i> <i>AED'000</i>
Cash and balances with the Central Bank of the UAE	3,576,195	2,118,452
Deposits and balances due from banks	18,995	83,433
Less: Placements with original maturity of more than three months	-	(77,500)
	<u>3,595,190</u>	<u>2,124,385</u>

Balances with the Central Bank of the UAE include cash reserve balance as per the requirements of the CBUAE.

25 RELATED PARTY BALANCES AND TRANSACTIONS

Related parties comprise of shareholders, directors and senior management of the Group and entities controlled or significantly influenced by them. The terms of these transactions are approved by the Group's management and are made on terms agreed by the management. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. Compensation of key management personnel comprises of salaries, bonuses and other benefits.

During the year, the Group entered into transactions with related parties in the ordinary course of business. Transactions with such related parties are made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with external customers and parties.

Related party balances and transactions of the Group included in the statement of financial position and statement of profit or loss and comprehensive income are shown in below table.

	<i>2024</i> <i>AED'000</i>	<i>2023</i> <i>AED'000</i>
<i>Balances</i>		
Loans and advances	4,000	190
Customer deposits	4,697	3,580
Due to shareholders	10	10
<i>Transactions during the year</i>		
Interest income from loans and advances	60	8
Interest expense on customer deposits	18	29
Fee and commission income	11	-
Board of directors' remuneration	5,651	865
Salaries and benefits of key management personnel	11,611	8,054

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

26 COMMITMENTS AND CONTINGENT LIABILITIES

Commitments to extend credit facilities represent contractual commitments under financing contracts. Commitments generally have fixed expiration dates, or other termination clauses. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

Letters of guarantees commit the Group to make payments on behalf of customers contingent upon the failure of the customer to perform under the terms of contracts. Capital commitments represent contracted expenses relating to computer software and other intangibles.

The Group has the following capital expenditure related commitments:

	2024 AED'000	2023 AED'000
Commitments for future capital expenditure	72,294	43,445
Undrawn commitments to extend credit	265,672	245,219
	337,966	288,664
Letters of guarantee	364,391	365,189
Less: Expected credit loss on off balance sheet exposures	(2,303)	(1,088)
	362,008	364,101

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

27 RISK MANAGEMENT

The Group's activities give rise to exposure to a variety of financial risks and those activities involve the identification, evaluation, acceptance and management of risks or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business.

The key risks are liquidity, market, credit, and operational risks. Market risk includes price risk and interest rate risk.

The Group is in the process of establishing a risk management structure to oversee and manage these risks through various management committees which will be responsible for making decisions and controlling the risk in relevant areas.

The following sections describe the financial risks to which the Group is exposed, their nature and how they are managed.

Liquidity risk

Liquidity risk is defined as the risk to earnings and capital arising from the Group's inability to meet its obligations when they become due, without incurring unacceptable losses. Liquidity risk often results in risks related to reputation, legal and business continuity as it impacts the ability to fulfill financial obligations and often have a systemic impact.

The table below summarises the maturity profile of the Group's financial assets and liabilities as of 31 December 2024 and 31 December 2023 based on contractual periods to cash conversion from the statement of financial position date or expected periods to cash conversion where there are no contractual terms.

	<i>Carrying amount AED'000</i>	<i>Up to 3 months AED'000</i>	<i>3 months to 1 year AED'000</i>	<i>1 year to 3 years AED'000</i>	<i>Over 3 years AED'000</i>	<i>Unspecified maturity AED'000</i>
31 December 2024						
Assets						
Cash and balances with the Central Bank of the UAE	3,576,195	3,576,195	-	-	-	-
Deposits and balances due from banks	18,990	18,990	-	-	-	-
Loans and advances to customers, net	820,957	438,541	44,051	97,363	241,002	-
Financial assets at fair value through profit or loss	82,848	-	-	-	-	82,848
Financial assets at fair value through other comprehensive income	16,015	-	-	-	-	16,015
Other assets	42,695	37,617	-	-	-	5,078
	<u>4,557,700</u>	<u>4,071,343</u>	<u>44,051</u>	<u>97,363</u>	<u>241,002</u>	<u>103,941</u>
Liabilities						
Deposits from customers	3,935,215	3,661,798	261,640	11,739	38	-
Other liabilities	134,392	113,696	3,122	87	-	17,487
	<u>4,069,607</u>	<u>3,775,494</u>	<u>264,762</u>	<u>11,826</u>	<u>38</u>	<u>17,487</u>
Net liquidity gap	<u>488,093</u>	<u>295,849</u>	<u>(220,711)</u>	<u>85,537</u>	<u>240,964</u>	<u>86,454</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

27 RISK MANAGEMENT continued

Liquidity risk continued

	<i>Carrying amount AED'000</i>	<i>Up to 3 months AED'000</i>	<i>3 months to 1 year AED'000</i>	<i>1 year to 3 years AED'000</i>	<i>Over 3 years AED'000</i>	<i>Unspecified maturity AED'000</i>
<i>31 December 2023</i>						
Assets						
Cash and balances with the Central Bank of the UAE	2,118,452	2,118,452	-	-	-	-
Deposits and balances due from banks	83,333	5,833	77,500	-	-	-
Loans and advances to customers, net	586,483	400,826	88,459	38,392	58,806	-
Financial assets at fair value through profit or loss	58,800	-	-	-	-	58,800
Financial assets at fair value through other comprehensive income	12,612	-	-	-	-	12,612
Other assets	15,220	10,845	4,368	-	-	7
	<u>2,874,900</u>	<u>2,535,956</u>	<u>170,327</u>	<u>38,392</u>	<u>58,806</u>	<u>71,419</u>
Liabilities						
Deposits from customers	2,405,929	2,313,872	91,670	387	-	-
Other liabilities	129,253	45,522	2,256	150	1	81,324
	<u>2,535,182</u>	<u>2,359,394</u>	<u>93,926</u>	<u>537</u>	<u>1</u>	<u>81,324</u>
Net liquidity gap	<u>339,718</u>	<u>176,562</u>	<u>76,401</u>	<u>37,855</u>	<u>58,805</u>	<u>(9,905)</u>

Market risk

Market risk is the risk that changes in market prices, such as interest rates and price risk, will affect the Group's income or the value of its holdings of financial instruments. Positions are monitored on a regular basis to ensure positions are maintained within established approved limits.

Currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is not exposed to currency risk on its financial assets and liabilities as they are denominated in AED.

Equity price risk

Equity price risk is the risk that the value of a portfolio will fall as a result of a change in stock prices. Risk factors underlying this type of market risk are a whole range of various equity (and index) prices corresponding to different markets (and maturities) in which the Group holds equity-related positions.

The Group sets tight limits on equity exposures and the types of equity instruments that it is allowed to take positions in. Nevertheless, depending on the complexity of financial instruments, equity risk is measured in first cash terms, such as the market value of a stock/index position, and also in price sensitivities, such as sensitivity of the value of a portfolio to changes in the underlying asset price. These measures are applied to an individual position and/or to a portfolio of equities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

27 RISK MANAGEMENT continued

Market risk continued

Equity price risk continued

Equity price risk exposure arises from equity securities classified at fair value through profit or loss and at fair value through other comprehensive income. A 5 per cent increase in the value of the Group's equities at 31 December 2024 would have increased other comprehensive income by AED 801 thousand (2023: AED 631 thousand) and decreased loss by AED 4,142 thousand (2023: AED 2,940 thousand). An equivalent decrease would have resulted in an equal but opposite impact.

Interest rate risk

Interest rate risk arises from interest bearing financial instruments and reflects the possibility that changes in interest rates will adversely affect the value of the financial instruments and the related income. The Group manages this risk principally through monitoring interest rate gaps and by matching the re-pricing profile of assets and liabilities.

The Group's interest rate gap and sensitivity position based on contractual cash flow arrangements at 31 December 2024 was as follows:

	<i>Less than 3 months AED'000</i>	<i>3 months to 1 year AED'000</i>	<i>1 year to 3 years AED'000</i>	<i>Over 3 years AED'000</i>	<i>Non- sensitive AED'000</i>	<i>Total AED'000</i>
31 December 2024						
Assets						
Cash and balances with the Central Bank of the UAE	3,350,000	-	-	-	226,195	3,576,195
Deposits and balances due from banks	-	-	-	-	18,990	18,990
Loans and advances to customers, net	438,541	44,051	97,363	241,002	-	820,957
Financial assets at fair value through profit or loss	-	-	-	-	82,848	82,848
Financial assets at fair value through other comprehensive income	-	-	-	-	16,015	16,015
Other assets	-	-	-	-	42,695	44,061
	<u>3,788,541</u>	<u>44,051</u>	<u>97,363</u>	<u>241,002</u>	<u>386,743</u>	<u>4,557,700</u>
Liabilities						
Deposits from customers	2,002,480	261,640	11,739	38	1,659,318	3,935,215
Other liabilities	-	-	-	-	134,392	134,392
	<u>2,002,480</u>	<u>261,640</u>	<u>11,739</u>	<u>38</u>	<u>1,793,710</u>	<u>4,069,607</u>
Net position	<u>1,786,061</u>	<u>(217,589)</u>	<u>85,624</u>	<u>240,964</u>	<u>(1,406,967)</u>	<u>488,537</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

27 RISK MANAGEMENT continued

Market risk continued

Interest rate risk continued

The Group's interest rate gap and sensitivity position based on contractual cash flow arrangements at 31 December 2023 was as follows:

	<i>Less than 3 months AED'000</i>	<i>3 months to 1 year AED'000</i>	<i>1 year to 3 years AED'000</i>	<i>Over 3 years AED'000</i>	<i>Non- sensitive AED'000</i>	<i>Total AED'000</i>
31 December 2023						
Assets						
Cash and balances with the Central Bank of the UAE	2,020,000	-	-	-	98,452	2,118,452
Deposits and balances due from banks	-	77,500	-	-	5,833	83,333
Loans and advances to customers, net	400,826	88,459	38,392	58,806	-	586,483
Financial assets at fair value through profit or loss	-	-	-	-	58,800	58,800
Financial assets at fair value through other comprehensive income	-	-	-	-	12,612	12,612
Other assets	-	-	-	-	15,220	15,220
	<u>2,420,826</u>	<u>165,959</u>	<u>38,392</u>	<u>58,806</u>	<u>190,917</u>	<u>2,874,900</u>
Liabilities						
Deposits from customers	1,104,402	91,670	387	-	1,209,470	2,405,929
Other liabilities	-	-	-	-	129,253	129,253
	<u>1,104,402</u>	<u>91,670</u>	<u>387</u>	<u>-</u>	<u>1,338,723</u>	<u>2,535,182</u>
Net position	<u>1,316,424</u>	<u>74,289</u>	<u>38,005</u>	<u>58,806</u>	<u>(1,147,806)</u>	<u>339,718</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

27 RISK MANAGEMENT continued

Credit risk

Credit risk is the risk that financial loss arises from the failure of counterparty to a financial instrument, to meet its obligations under a contract. It arises principally from lending activities.

The Group's primary exposure to credit risk arises from cash and balances with the Central Bank of the UAE, deposits and balances due from banks and loans and advances to customers, net. The amount of credit exposure in this regard is represented by the carrying amounts of the assets on the statement of financial position. The current credit exposure in respect of these instruments is equal to the carrying amount of these assets in the statement of financial position.

The Group's credit policy establishes a systematic and consistent approach to identifying and managing borrower and counterparty risks across all retail, business banking, and wholesale banking assets.

The Chief Credit Officer and the credit risk department are responsible for recognizing and managing credit risk at both the transaction/origination and portfolio levels. They ensure that risk procedures adhere to the framework outlined in the Credit Policy, while complying with all regulatory requirements.

Under the direction of the Chief Risk Officer, the risk team manages credit risk by setting the Bank's risk appetite, issuing and updating credit policies and conducting comprehensive portfolio analysis.

The Group acknowledges that the Central Bank of UAE has issued the Credit Risk Management Standards in October 2024. The bank is committed to meet all the requirements by the stipulated timelines.

Respective Business Heads and their teams conduct thorough analyses of all commercial loan applications submitted for approval. They focus on aspects such as ownership, business management, industry specifics, financial health, business structure, and collateral. The Chief Credit Officer and their team then review these loan applications, identifying and measuring the associated credit risks before presenting them to the Business Credit & Investment Committee for approval. Both Business and Credit Units continuously monitor the portfolio to ensure it remains healthy.

Expected credit loss

Expected Credit Loss (ECL) under IFRS 9 is used to estimate the potential loss the bank may incur from its credit exposures over a specified period. Unlike traditional models that only consider losses once a default occurs, ECL models are forward-looking and consider possible future credit events. The approach incorporates various risk factors, including borrower creditworthiness, macroeconomic conditions, and historical loss data, to predict the likelihood and impact of defaults. ECL is calculated for borrowers or segment of borrowers as:

$$\text{ECL} = \text{Exposure at Default (EAD)} \times \text{Probability of Default (PD)} \times \text{Loss Given Default (LGD)}$$

This method helps the Bank to proactively manage credit risk, maintain adequate provisions, and ensure financial stability. As per the guidance of IFRS 9, Bank uses three stages of credit risk assessment i.e. stage 1, stage 2 and stage 3 based on the quality of credit for a facility/borrower. Bank applies stage movement criteria as defined in SICR section for movement between these stages.

Significant increase in credit risk (SICR)

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 financial asset will be moved to Stage 2 and the loss allowance will be based on lifetime basis (lifetime ECL). The broad factors that are considered to determine whether a financial asset has experienced SICR are: days past due of more than 30 days on its contractual payments and various other qualitative factors that include changes in current Credit ratings vis-à-vis initial credit ratings as per the defined Graded SICR thresholds, Credit Risk Bureau classification of the customer, whether an exposure has been restructured since initial recognition etc. During the year ended 31 December 2024, the SICR criteria is refined as per the new Credit Risk Management Standards (CRMS) issued by the CBUAE.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

27 RISK MANAGEMENT continued

Credit risk continued

ECL Measurement

The Group measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contract extension or renewal is common business practice. However, for financial instruments such as credit cards, revolving credit facilities and overdraft facilities that include both a loan and an undrawn commitment component, the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period.

At 31 December 2024, the distribution by sector of major categories of assets and commitments as per Central Bank guidelines was as follows:

	<i>Government AED'000</i>	<i>Corporate/ Private AED'000</i>	<i>Consumers AED'000</i>	<i>Total AED'000</i>
31 December 2024				
Balances with the Central Bank of the UAE	3,553,660	-	-	3,553,660
Deposits and balances due from banks	-	18,990	-	18,990
Loans and advances to customers, net	-	434,388	386,569	820,957
Financial assets at fair value through profit or loss	52,882	29,966	-	82,848
Financial assets at fair value through other comprehensive income	2,665	13,350	-	16,015
Other assets	7,035	34,380	1,280	42,695
	<u>3,616,242</u>	<u>531,074</u>	<u>387,849</u>	<u>4,535,165</u>
Unfunded exposure	-	364,391	-	364,391

At 31 December 2023, the distribution by sector of major categories of assets and commitments as per Central Bank guidelines was as follows:

	<i>Government AED'000</i>	<i>Corporate/ Private AED'000</i>	<i>Consumers AED'000</i>	<i>Total AED'000</i>
31 December 2023				
Balances with the Central Bank of the UAE	2,101,621	-	-	2,101,621
Deposits and balances due from banks	-	83,333	-	83,333
Loans and advances to customers, net	-	308,733	277,750	586,483
Financial assets at fair value through profit or loss	46,793	12,007	-	58,800
Financial assets at fair value through other comprehensive income	1,890	10,722	-	12,612
Other assets	2,324	12,674	222	15,220
	<u>2,152,628</u>	<u>427,469</u>	<u>277,972</u>	<u>2,858,069</u>
Unfunded exposure	-	365,189	-	365,189

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

27 RISK MANAGEMENT continued

Credit risk continued

Credit quality per class of financial assets

The Group's credit risk rating systems and processes differentiate exposures in order to highlight those with greater risk factors and higher potential severity of loss. The credit quality of financial assets is reported by the Group using internal credit ratings.

	Stage 1 12-month ECL AED '000	Stage 2 Lifetime ECL not credit- impaired AED '000	Stage 3 Lifetime ECL credit-impaired AED '000	Total AED '000
31 December 2024				
Loans and advances to customers, net - Corporate				
Performing	435,206	1,155	-	436,361
Non-performing	-	-	610	610
Gross loans and advances to customers - Corporate	435,206	1,155	610	436,971
Expected credit losses – Corporate	(1,876)	(97)	(610)	(2,583)
Loans and advances to customers, net - Corporate	433,330	1,058	-	434,388
Loans and advances to customers, net - Retail				
Performing	384,446	136	-	384,582
Non-performing	-	-	3,280	3,280
Gross loans and advances to customers - Retail	384,446	136	3,280	387,862
Expected credit losses – Retail	(180)	(2)	(859)	(1,041)
Loans and advances to customers, net - Retail	384,266	134	2,421	386,821
Gross loans and advances to customers	819,652	1,291	3,890	824,833
Expected credit losses	(2,056)	(99)	(1,469)	(3,624)
Interest in suspense	-	-	(252)	(252)
Loans and advances to customers, net	817,596	1,192	2,169	820,957
Gross unfunded exposure	101,566	262,825	-	364,391
Expected credit losses	(438)	(1,865)	-	(2,303)
Unfunded exposure, net	101,128	260,960	-	362,088

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

27 RISK MANAGEMENT continued

Credit risk continued

Credit quality per class of financial assets continued

	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL not credit- impaired AED'000	Stage 3 Lifetime ECL credit-impaired AED'000	Total AED'000
<i>31 December 2023</i>				
Loans and advances to customers, net - Corporate				
Performing	310,325	-	-	310,325
Non-performing	-	-	-	-
Gross loans and advances to customers- Corporate	310,325	-	-	310,325
Expected credit losses – Corporate	(1,592)	-	-	(1,592)
Loans and advances to customers, net - Corporate	308,733	-	-	308,733
Loans and advances to customers, net - Retail				
Performing	277,766	355	-	278,121
Non-performing	-	-	501	501
Gross loans and advances to customers - Retail	277,766	355	501	278,622
Expected credit losses – Retail	(447)	(5)	(420)	(872)
Loans and advances to customers, net - Retail	277,319	350	81	277,750
Gross loans and advances to customers	588,091	355	501	588,947
Expected credit losses	(2,039)	(5)	(420)	(2,464)
Interest in suspense	-	-	-	-
Loans and advances to customers, net	586,052	350	81	586,483
Gross unfunded exposure	365,189	-	-	365,189
Expected credit losses	(1,088)	-	-	(1,088)
Unfunded exposure, net	364,101	-	-	364,101

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

27 RISK MANAGEMENT continued

Credit risk continued

Transfer between stages:

31 December 2024	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Gross loans and advances				
As at 1 January 2024	588,091	355	501	588,947
Transfer between stages:				
Stage 1 to Stage 2 Transfer	(1,192)	1,192	-	-
Stage 2 to Stage 3 Transfer	-	(18)	18	-
Stage 2 to Stage 1 Transfer	20	(20)	-	-
Stage 1 to Stage 3 Transfer	(3,433)	-	3,433	-
Change in loans balance during the year	(155,375)	(218)	(62)	(155,655)
New financial assets originated during the year	391,541	-	-	391,541
As at 31 December 2024	819,652	1,291	3,890	824,833

During the year ended 31 December 2024, one unfunded exposure of AED 262,825 thousand was transferred from stage 1 to stage 2 and being the only transfer between stages for unfunded exposures.

There were no transfer of gross loans and advances between stages during the year ended 31 December 2023.

Credit quality per class of financial assets continued

	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL not credit- impaired AED'000	Stage 3 Lifetime ECL credit-impaired AED'000	Total AED'000
31 December 2024				
Deposits and balances due from banks				
Performing	18,995	-	-	18,995
Non-performing	-	-	-	-
Gross deposits and balances due from banks	18,995	-	-	18,995
Expected credit losses	(5)	-	-	(5)
Deposits and balances due from banks	18,990	-	-	18,990
31 December 2023				
Deposits and balances due from banks				
Performing	83,433	-	-	83,433
Non-performing	-	-	-	-
Gross deposits and balances due from banks	83,433	-	-	83,433
Expected credit losses	(100)	-	-	(100)
Deposits and balances due from banks	83,333	-	-	83,333

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

27 RISK MANAGEMENT continued

Credit risk continued

Credit quality per class of financial assets continued

The movements in expected credit losses during the year ended 31 December 2024 are as follows:

	Stage 1 12-month ECL AED '000	Stage 2 Lifetime ECL not credit- impaired AED '000	Stage 3 Lifetime ECL credit-impaired AED '000	Total AED '000
31 December 2024				
At the beginning of the year	2,139	5	420	2,564
Expected credit losses for the year – loans and advances to customers, net	18	94	1,049	1,161
Expected credit losses for the year – deposits and balances due from banks	(95)	-	-	(95)
Expected credit losses for the year – off balance sheet	438	1,865	-	2,303
At the end of the year	2,500	1,964	1,469	5,933

The movements in expected credit losses during the year ended 31 December 2023 are as follows:

	Stage 1 12-month ECL AED '000	Stage 2 Lifetime ECL not credit- impaired AED '000	Stage 3 Lifetime ECL credit-impaired AED '000	Total AED '000
31 December 2023				
At the beginning of the year	213	-	-	213
Expected credit losses for the year – deposits and balances due from banks	1,839	5	420	2,264
Expected credit losses for the year – loans and advances to customers, net	87	-	-	87
At the end of the year	2,139	5	420	2,564

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

27 RISK MANAGEMENT continued

Credit risk continued

Credit quality per class of financial assets continued

Transfer between stages:

31 December 2024

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Expected credit loss				
As at 1 January 2024	2,039	5	420	2,464
Transfer between stages:				
Stage 1 to Stage 2	(97)	97	-	-
Stage 2 to Stage 3	-	(18)	18	-
Stage 2 to Stage 1	1	(1)	-	-
Stage 1 to Stage 3	(1,013)	-	1,013	-
Change in ECL during the year	474	16	1,251	1,741
ECL on new financial assets originated during the year	1,640	-	-	1,640
As at 31 December 2024	3,044	99	2,702	5,845

During the year ended 31 December 2024, expected credit loss of AED 589 thousand of one unfunded exposure was transferred from stage 1 to stage 2 and being the only transfer between stages for unfunded exposures.

The following table breaks down the Bank's credit exposures on loans and advances categorized by industry:

	2024 AED'000	2023 AED'000
Manufacturing	20,545	866
Construction	58,859	29,237
Trade	61,941	8,783
Transport, Storage & Communication	9,869	13,978
Other Services	285,757	267,074
Loans to Individuals/HNIs/Others	387,862	269,009
Gross loans and advances as at 31 December	824,833	588,947
Expected credit allowance	(5,845)	(2,464)
Loans and advances to customers, net	818,988	586,483

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

27 RISK MANAGEMENT continued

Credit risk continued

Credit quality per class of financial assets continued

Impairment reserve under the Central Bank of UAE (CBUAE) guidance

As per the new credit risk management standards (CRMS) issued by CBUAE, banks must ensure that the total provision corresponding to all stage 1 and stage 2 exposures is not less than 1.50% of the credit risk weighted assets as computed under the CBUAE capital regulations. Where the collective provisions held are lower, the shortfall may be held in a dedicated non-distributable balance sheet reserve called the 'impairment reserve-general'. The amount held in the impairment reserve-general must be deducted from the accumulated losses.

The computation of non-distributable impairment reserve - general created during the year is as follows:

	2024 AED'000	2023 AED'000
Non-distributable impairment reserve: General		
Minimum provision for stage 1 and stage 2 as per CBUAE requirements	7,368	4,927
Less: Stage 1 and Stage 2 impairment taken against income	(4,130)	(2,144)
Shortfall in stage 1 and stage 2 provision to meet minimum CBUAE requirements	3,238	2,783
Balance of general impairment reserve as at 1 January	2,783	305
Add: non-distributable reserve during the year	455	2,478
Balance of general impairment reserve as at 31 December	3,238	2,783

The calculation process, the methodology, and the results for provisions are in accordance with the Credit Risk Management Regulation and accompanying Standards, Circular No. 3/2024 dated 25/7/2024 and have been reviewed and approved by the Board Risk & Credit Committee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

27 RISK MANAGEMENT continued

Credit risk continued

Collateral

Collateral is used to mitigate credit risk, as the secondary source of payment in case the counterparty cannot meet its contractual payment obligations. Credit policy and procedures set out the acceptable types of collateral, as well as a process by which additional instruments and/or asset types can be considered for approval.

Credit risk mitigants are held against loans and advances to customers, net and commitments and contingencies in the form of real estate collateral, cash deposits and guarantees.

The table below shows the lower of the collateral value or the outstanding balance of the customers' financings as at the reporting date:

	2024 AED'000	2023 AED'000
<i>Against customer financing not credit-impaired</i>		
Property	1,583,695	264,123
Cash margin and deposit under lien	411,926	278,701
Quoted shares	595,647	844,008
	<u>2,591,268</u>	<u>1,386,832</u>

Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, information technology and information security related risks but excludes strategic and reputation risk.

The Group has performed a Risk and Control Self-Assessment exercise wherein all business and support units would be assessing their risks and controls. An internal loss database that stores details pertaining to operational losses is also maintained.

The Group has established a corporate culture which entails constructive ways of dealing with the operational risk. The Group has established approval control steps in the business processes as well as creating separate control processes. Further, the Group has established measure of organisational structure in terms of segregation of duties and diverse training measure to mitigate operational risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

27 RISK MANAGEMENT continued

Fair value of financial instruments

Financial assets and liabilities are classified according to a hierarchy that reflects the significance of observable market inputs. The three levels of the fair value hierarchy are defined below.

Quoted Market Prices – Level 1

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions on an arm's length basis. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Valuation Technique Using Observable Inputs – Level 2

Financial instruments classified as Level 2 have been valued using models whose most significant inputs are observable in an active market. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets, and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads.

Valuation Technique Using Significant Unobservable Inputs – Level 3

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs).

Fair value measurement hierarchy of the Group's financial assets carried at fair value:

	<i>Quoted market price Level 1 AED'000</i>	<i>Valuation techniques</i>		<i>Total AED'000</i>
		<i>Observable inputs Level 2 AED'000</i>	<i>Unobservable inputs Level 3 AED'000</i>	
31 December 2024				
Assets:				
Financial assets at fair value through profit or loss:				
Equity securities	82,848	-	-	82,848
Financial assets at fair value through other comprehensive income:				
Equity securities	16,015	-	-	16,015
31 December 2023				
Assets:				
Financial assets at fair value through profit or loss:				
Equity securities	58,800	-	-	58,800
Financial assets at fair value through other comprehensive income:				
Equity securities	12,612	-	-	12,612

For financial assets held at amortized cost, the Group believes their fair value is not materially different from its carrying amount as at 31 December 2024.

There were no transfers between levels during the year ended 31 December 2024 and 31 December 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

28 CAPITAL MANAGEMENT

Capital measurement and allocation

Central Bank of the UAE is the regulator of the Group and, in this capacity, receives information on capital adequacy and sets minimum capital requirements for specialized banks incorporated in the UAE. The CBUAE issued the specialized banks with low risk regulation, which came into effect from 14 March 2021 introducing minimum capital requirements

Specialized Banks must maintain Aggregate Capital Funds (“ACF”) of at least 12.5% of its total assets, at all times, and at least 17% during its first three years of operations. As of 31 December 2024, the Group had to maintain an ACF of at least 12.5%.

The Group’s capital management approach is driven by its strategy and organisational requirements, taking into account the regulatory and commercial environment in which it operates. It is the Group’s policy to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times.

The table below summarises the composition of the regulatory capital of the Group’s for the year ended 31 December 2024 and 31 December 2023.

	2024 AED’000	2023 AED’000
Aggregate capital funds		
Share capital	600,000	500,000
Legal reserve	653	169
Impairment reserves	3,238	2,783
Accumulated losses	(94,130)	(104,129)
Total aggregate capital funds	<u>509,761</u>	<u>398,823</u>
Total assets	4,665,980	2,964,102
Less:		
Deposits placed with the CBUAE	(3,350,000)	-
Cash collaterals (legally enforceable)	(30,418)	(20,685)
Total Assets excluding cash collaterals	<u>1,285,562</u>	<u>2,943,417</u>
ACF ratio	39.65%	13.55%

On 5 November 2024, the CBUAE issued a clarification on Article 4.5 from the Specialized Banks with Low Risk Regulation (Circular 21/2022 dated 10/01/2022), regarding the permission for Banks to reduce their total assets by the amount of deposits placed with the Central Bank’s ODF, Central Bank’s Islamic CDs, Central Bank’s M-Bills or Federal Government bonds/sukuks. As a result, ACF ratio was enhanced from 11.00% to 39.65% as of 31 December 2024.

29 SUBSEQUENT EVENTS

There have been no events subsequent to the consolidated financial statements date that would significantly affect the amounts reported or require disclosure in the consolidated financial statements as at and for the year ended 31 December 2024.