Commercial Bank of Dubai PSC

Group condensed consolidated interim financial statements

For the three months period ended 31 March 2025

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The Board of Directors
Commercial Bank of Dubai PSC
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying Group condensed consolidated interim statement of financial position of **Commercial Bank of Dubai PSC** (the "Bank") **and its subsidiaries** (together referred to as the "Group") as at 31 March 2025 and the related Group statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended and a summary of material accounting policy information and other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte & Touche (M.E.)

Musa Ramahi
Registration No.: 872
23 April 2025
Dubai
United Arab Emirates

Commercial Bank of Dubai PSC

Group condensed consolidated interim statement of financial position

As at 31 March 2025

	Notes	31 March 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
ASSETS			
Cash and balances with Central Bank	*7*	**13,094,352**	16,937,638
Due from banks, net	*8*	**4,790,175**	5,162,042
Investment securities, net	*9*	**16,319,198**	14,590,424
Loans and advances and Islamic financing, net	*10*	**96,932,002**	93,048,595
Positive mark to market value of derivatives		**439,981**	584,760
Bankers acceptances		**6,329,472**	6,930,361
Investment in an associate		**118,911**	118,278
Investment properties		**241,124**	241,124
Property and equipment		**619,457**	589,765
Other assets, net	*11*	**2,244,045**	1,972,331
TOTAL ASSETS		**141,128,717**	140,175,318
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks		**7,300,480**	7,542,023
Customer deposits and Islamic customer deposits	*12*	**99,624,350**	97,563,467
Notes and medium term borrowings	*13*	**6,918,163**	6,918,163
Negative mark to market value of derivatives		**406,397**	521,395
Due for trade acceptances		**6,329,472**	6,930,361
Other liabilities	*14*	**3,736,657**	3,275,300
TOTAL LIABILITIES		**124,315,519**	122,750,709
EQUITY			
Share capital	*15.1*	**2,985,192**	2,985,192
Tier 1 capital notes	*15.2*	**2,203,800**	2,203,800
Legal and statutory reserve		**1,492,596**	1,492,596
General reserve		**1,328,025**	1,328,025
Capital reserve		**38,638**	38,638
Fair value reserve		**(375,667)**	(450,832)
Retained earnings		**9,140,614**	9,827,190
TOTAL EQUITY		**16,813,198**	17,424,609
TOTAL LIABILITIES AND EQUITY		**141,128,717**	140,175,318

To the best of our knowledge, the Group's condensed financial information present fairly in all material respects the financial position, results of operation and cash flows of the Group as of, and for, the period presented herein.

The Group condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on 23 April 2025.

The attached notes from 1 to 28 form part of the Group condensed consolidated interim financial statements. The independent auditor's report on review of the Group condensed consolidated interim financial statements is set out on page 1.

H.E. Ahmad Abdulkarim Mohammad Julfar
Chairman

Dr. Bernd van Linder
Chief Executive Officer

Commercial Bank of Dubai PSC

Group condensed consolidated interim statement of profit or loss

For the three months period ended 31 March 2025 (unaudited)

	Notes	**31 March 2025 AED'000 (Unaudited)**	31 March 2024 AED'000 (Unaudited)
Interest income		**1,638,026**	1,619,067
Interest expense		**(699,795)**	(730,342)
Net interest income		**938,231**	888,725
Income from Islamic financing		**192,526**	220,728
Distribution on Islamic deposits		**(145,461)**	(150,133)
Net income from Islamic financing		**47,065**	70,595
Total net interest income and net income from Islamic financing		**985,296**	959,320
Fees and commission income		**400,389**	354,146
Fees and commission expense		**(126,688)**	(77,125)
Net fees and commission income		**273,701**	277,021
Other operating income	*16*	**111,995**	135,901
Total operating income		**1,370,992**	1,372,242
Operating expenses	*17*	**(370,288)**	(315,098)
Operating Profit before impairment		**1,000,704**	1,057,144
Net impairment loss	*18*	**(90,683)**	(287,048)
Profit for the period before income tax expense		**910,021**	770,096
Income tax expense	26	**(81,911)**	(69,112)
Net profit for the period		**828,110**	700,984
Basic and diluted earnings per share	*19*	**AED 0.28**	AED 0.23

The attached notes from 1 to 28 form part of the Group condensed consolidated interim financial statements.

The independent auditor’s report on review of the Group condensed consolidated interim financial statements is set out on page 1.

Commercial Bank of Dubai PSC

Group condensed consolidated interim statement of comprehensive income

For the three months period ended 31 March 2025 (unaudited)

	31 March 2025 AED'000 (Unaudited)	31 March 2024 AED'000 (Unaudited)
Net profit for the period	**828,110**	700,984
Items that will not be reclassified to profit or loss:		
Realised loss on sale of equity investments held at FVOCI	**-**	(5,176)
Net change in fair value of equity investments (or instruments) at FVOCI	**(3,497)**	6,513
Related tax	**315**	(121)
Items that may be subsequently reclassified to profit or loss:		
Changes in fair value reserve of property	**(2,111)**	-
Changes in fair value reserve of an associate	**(2,543)**	826
Net amount transferred (or reclassified) to profit or loss on debt investments (or instruments) at FVOCI	**-**	(951)
Net change in fair value of debt investments (or instruments) at FVOCI	**83,001**	2,317
	78,347	2,192
Other comprehensive income for the period, net of tax	**75,165**	3,408
Total comprehensive income for the period	**903,275**	704,392

The attached notes from 1 to 28 form part of the Group condensed consolidated interim financial statements.

The independent auditor's report on review of the Group condensed consolidated interim financial statements is set out on page 1.

Commercial Bank of Dubai PSC

Group condensed consolidated interim statement of changes in equity

For the three months period ended 31 March 2025 (unaudited)

	Share capital AED'000	Tier 1 capital notes AED'000	Legal and statutory reserve AED'000	General reserve AED'000	Capital reserve AED'000	Fair value reserve AED'000	Retained earnings AED'000	Total AED'000
Balance as at 1 January 2025	**2,985,192**	**2,203,800**	**1,492,596**	**1,328,025**	**38,638**	**(450,832)**	**9,827,190**	**17,424,609**
Net profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**828,110**	**828,110**
Other comprehensive income for the period, net of tax	**-**	**-**	**-**	**-**	**-**	**75,165**	**-**	**75,165**
Transactions recorded directly in equity								
Cash dividend for 2024 (50.74%) [Note 15.1]	**-**	**-**	**-**	**-**	**-**	**-**	**(1,514,686)**	**(1,514,686)**
Balance as at 31 March 2025 (unaudited)	**2,985,192**	**2,203,800**	**1,492,596**	**1,328,025**	**38,638**	**(375,667)**	**9,140,614**	**16,813,198**
Balance as at 1 January 2024	2,985,192	2,203,800	1,492,596	1,328,025	38,638	(552,325)	8,285,431	15,781,357
Net profit for the period	-	-	-	-	-	-	700,984	700,984
Other comprehensive loss for the period, net of tax	-	-	-	-	-	8,584	(5,176)	3,408
Transactions recorded directly in equity								
Cash dividend for 2023 (44.38%) [Note 15.1]	-	-	-	-	-	-	(1,324,828)	(1,324,828)
Directors' remuneration for 2023	-	-	-	-	-	-	(23,000)	(23,000)
Balance as at 31 March 2024 (unaudited)	2,985,192	2,203,800	1,492,596	1,328,025	38,638	(543,741)	7,633,411	15,137,921

The attached notes from 1 to 28 form part of the Group condensed consolidated interim financial statements.

The independent auditor’s report on review of the Group condensed consolidated interim financial statements is set out on page 1.

Commercial Bank of Dubai PSC

Group condensed consolidated interim statement of cash flows

For the three months period ended 31 March 2025 (unaudited)

	Notes	**31 March 2025 AED'000 (Unaudited)**	31 March 2024 AED'000 (Unaudited)
OPERATING ACTIVITIES			
Profit for the period before income tax expense		**910,021**	770,096
Adjustments for non-cash and other items:			
Depreciation and amortisation		**19,585**	12,328
Amortisation of discount on investments		**(63,830)**	(100,006)
Amortisation of transaction cost on notes and medium term borrowings		**-**	617
(Gain) / loss on foreign exchange translation		**(8,850)**	5,792
Realised gain on sale of investments		**-**	(951)
Net unrealized loss / (gain) on derivatives		**29,781**	(12,021)
(Reversal) / impairment allowance on investment securities		**(51)**	32
Other operating income		**(3,176)**	(1,896)
Dividend income		**(1,483)**	(1,754)
Impairment allowance on loans and advances and Islamic financing		**135,267**	309,193
Impairment allowance on due from banks		**5,481**	133
Impairment allowance on other assets		**-**	211
(Reversal) / impairment allowance on financial guarantees and other commitments		**(18,975)**	20,362
Loss on disposal of property and equipment		**-**	81
		1,003,770	1,002,217
Decrease in negotiable Central Bank U.A.E. certificate of deposits with original maturity of more than three months		**450,000**	-
Increase in due from banks with original maturity of more than three months		**(345,649)**	(473,480)
Increase in loans and advances and Islamic financing		**(4,018,674)**	(3,787,344)
Increase in other assets		**(337,809)**	(241,370)
(Decrease) / increase in due to banks		**(241,543)**	939,608
Increase in customer deposits and Islamic customer deposits		**2,060,883**	2,054,623
Increase in other liabilities		**398,945**	551,669
Directors' remuneration paid		**-**	(23,000)
Tax paid		**(210)**	(191)
Net cash flow (used in) / generated from operating activities		**(1,030,287)**	22,732
INVESTING ACTIVITIES			
Purchase of investments		**(5,086,872)**	(4,000,512)
Purchase of property and equipment		**(49,277)**	(31,287)
Dividend income received		**1,483**	1,754
Proceeds from sale and matured investments		**3,574,318**	2,318,703
Net cash flow used in investing activities		**(1,560,348)**	(1,711,342)
FINANCING ACTIVITIES			
Repayment of notes and medium-term borrowings		**-**	(624,410)
Dividend paid		**(1,514,686)**	(1,324,828)
Net cash flow used in financing activities		**(1,514,686)**	(1,949,238)
Net decrease in cash and cash equivalents		**(4,105,321)**	(3,637,848)
Cash and cash equivalents at 1 January		**17,779,657**	15,416,916
Cash and cash equivalents at end of the period	*20*	**13,674,336**	11,779,068

The attached notes from 1 to 28 form part of the Group condensed consolidated interim financial statements.

The independent auditor’s report on review of the Group condensed consolidated interim financial statements is set out on page 1.

1. LEGAL STATUS AND ACTIVITIES

Commercial Bank of Dubai PSC ("the Bank") was incorporated in Dubai, United Arab Emirates (U.A.E.) in 1969 and is registered as a Public Joint Stock Company (PJSC) in accordance with Federal Law No. 32 of 2021. The Bank is listed on the Dubai Financial Market. The Bank's principal activity is commercial and retail banking. The registered address of the Bank is CBD Head Office, Al Ittihad Street, P. O. Box 2668, Dubai, United Arab Emirates.

The condensed consolidated interim financial statements of the Group for the three months period ended 31 March 2025 comprise the results of the Bank, its wholly owned subsidiaries (together referred to as "the Group") and the Group's interest in an associate. No income of a seasonal nature was recorded in the condensed consolidated interim financial information for the three months period ended 31 March 2025 and 2024, respectively. Details about subsidiaries, special purpose entities and an associate:

Name of Subsidiary	Ownership Interest		County of Incorporation	Principle activities
	31 March 2025	31 December 2024		
Subsidiary				
CBD Financial Services LLC	100%	100%	UAE	Providing brokerage facilities for local shares and bonds.
Attijari Properties LLC	100%	100%	UAE	Self-owned property management services as well as buying and selling of real estate.
CBD Digital Lab Limited	100%	100%	UAE	Technology research and development.
Special Purpose Entity				
CBD (Cayman) Limited	100%	100%	Cayman Islands	Issuance of debt securities.
CBD (Cayman II) Limited	100%	100%	Cayman Islands	Transact and negotiate derivative agreements.
VS 1897 (Cayman) Limited	100%	100%	Cayman Islands	Manage investment acquired in the settlement of debt.
Hortin Holding Limited [Subsidiary of VS 1897 (Cayman) Limited]	100%	100%	British Virgin Islands	Manage real estate related investment acquired in the settlement of debt.
Lodge Hill Limited [Subsidiary of VS 1897 (Cayman) Limited]	100%	100%	British Virgin Islands	Manage real estate related investment acquired in the settlement of debt.
Westdene Investment Limited [Subsidiary of VS 1897 (Cayman) Limited]	100%	100%	British Virgin Islands	Manage real estate related investment acquired in the settlement of debt.
Associate				
National General Insurance Co. (PJSC)	17.8%	17.8%	UAE	Life and general insurance business as well as certain reinsurance business.

2. BASIS OF PREPARTION

2.1 Statement of compliance

These Group condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial reporting. These condensed consolidated interim financial statements do not include all the information required for full annual audited consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended 31 December 2024.

The accounting policies adopted in the preparation of these Group condensed consolidated interim financial statements are consistent with those followed in the preparation of these Group audited consolidated financial statements for the year ended 31 December 2024, except for the new and revised International Financial Reporting Standards mentioned in note 5.

A number of new accounting standards and amendments to accounting standards are effective for annual period beginning after 1 January 2025 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended accounting standards in preparing these condensed consolidated interim financial statements.

2.2 Functional and presentation currency

These Group condensed consolidated interim financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the Group's functional and presentation currency, rounded to the nearest thousand unless otherwise stated.

2.3 Basis of consolidation

These Group condensed consolidated interim financial statements comprise the financial statements of the Bank, its wholly owned subsidiaries (together referred to as "the Group"), which it controls and the Group's interest in an associate, as at 31 March 2025. Control is achieved when the Group 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Financial Assets

3.1.1 Classification

The Group classifies financial assets on initial recognition in the following categories:
- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

Business model assessment

The Group makes an assessment of the objective of a business model in which a financial asset is held at portfolio level, because this reflects the way the business is managed and information is provided to the management. The assessment is not determined by a single factor or activity. Instead, the entity considers all relevant information available at the date of the assessment. The information considered includes:

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.1 Financial Assets (continued)

3.1.1 Classification (continued)

- the stated policies and objectives for the business and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest 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 realising cash flows through the sale of the assets;
- how the performance of the portfolio and the financial asset held within the portfolio is evaluated and reported to the management;
- the risks that affect the performance of the portfolio and, in particular, the way in which those risks are managed;
- how the managers of the business are compensated; and
- the frequency, volume and timing of sales in prior period, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument.

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

This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash from specified assets; and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED

3.1 Financial Assets (continued)

3.1.2 Impairment of financial assets

The Group recognizes, where applicable, loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are not measured at FVPL:

- balances with central banks;
- due from banks;
- debt investment securities;
- loans and advances, Islamic financing and other financial assets;
- loan commitments; and
- financial guarantee contracts.

No impairment loss is recognized on equity investments.

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

Stage 1: When financial instruments are first recognised, the Group recognises an allowance based on 12 months ECLs. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.
Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Group records an allowance for the life time expected credit losses (LTECL). LTECL are the ECL that result from all possible default events over the expected life of the financial instrument.
Stage 3: Financial Instruments considered credit-impaired. The Group records an allowance for the LTECLs.

ECLs are an unbiased probability-weighted estimate of the present value of credit losses that is determined by evaluating a range of possible outcomes. For funded exposures, ECL is measured as follows:

- for financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive); and
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

However, for unfunded exposures, ECL is measured as follows:

- for undrawn loan commitments, as the present value of the difference between the contractual cash flows that are due to the Group if the holder of the commitment draws down the loan and the cash flows that the Group expects to receive if the loan is drawn down; and
- for financial guarantee contracts, the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group expects to receive from the holder, the debtor or any other party.

The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic and credit risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original Effective Interest Rate (EIR), regardless of whether it is measured on an individual basis or a collective basis.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.1 Financial Assets (continued)

3.1.2 Impairment of financial assets (continued)

The key inputs into the measurement of ECL are the term structures of the following variables:
- probability of default (PD);
- exposure at default (EAD); and
- loss given default (LGD).

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

Details of these statistical parameters / inputs are as follows:

- PD – PD is the estimate of likelihood of default over a given time horizon, which is calculated based on statistical rating models currently used by the Group, and assessed using rating tools tailored to the various categories of counterparties and exposures.
- EAD – EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EADs of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.
- LGD – LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. The LGD models for secured assets consider forecasts of future collateral valuation taking into account sale discounts, time to realisation of collateral, cross-collateralisation and seniority of claim, cost of realisation of collateral and cure rates (i.e. exit from non-performing status). LGD models for unsecured assets consider time of recovery, history of recovery rates and seniority of claims. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan.

(i) Assessment of significant increase in credit risk

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

Quantitative thresholds are established for the significant increase in the credit risk by comparing the risk of default estimated at origination with the risk of default at reporting date based on the movement in credit rating by 3 notches for credit risk grading 1 – 10, by 2 notches for credit risk grading 11 – 17 and 1 notch for credit risk grading 18 – 19. In addition to quantitative criteria the Group has a proactive Early

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.1 Financial Assets (continued)

3.1.2 Impairment of financial assets (continued)

(i) Assessment of significant increase in credit risk (continued)

Warning Indicator (EWI) framework, based on which the Credit Risk team performs a portfolio quality review on a monthly basis. The objective of the same is to identify potentially higher risk customers within the performing customers.

For retail lending the Group considers credit scores and events such as unemployment, bankruptcy or death. As a back-stop when an asset becomes 30 days past due, the Group considers that a significant increase in credit risk has occurred and the asset is in Stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL. The criteria may be rebutted on a case by case basis, depending upon individual circumstances of customers.

(ii) Improvement of credit risk profile

The Group has defined below criteria in accordance with regulatory guidelines to assess any improvement in the credit risk profile which will result into upgrading of customers moving from Stage 3 to Stage 2 and from Stage 2 to Stage 1.

- Significant decrease in credit risk will be upgraded in stage (one stage at a time) from Stage 3 to Stage 2 and from Stage 2 to Stage 1 after meeting the curing period of at least 12 months.
- Restructured cases will be upgraded if repayments of 3 installments (for quarterly installments) have been made or 12 months (for installments longer than quarterly) curing period is met.

Default definition

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

- the borrower is unlikely to pay its credit obligations to the Group in full without recourse by the Group to actions such as realising security (if any is held); or
- the borrower is past due more than 90 days on any material credit obligation to the Group.

Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding.

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

- qualitative - e.g. breaches of covenant;
- quantitative - e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

The Group has performed a historical default rate analysis to identify homogeneous segments and further estimated ECL parameters (i.e. PD, LGD and EAD) at similar granularities. To perform a historical default rate analysis, the Group has adopted two separate definitions of default for the non-retail and the retail portfolio.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.1 Financial Assets (continued)

3.1.2 Impairment of financial assets (continued)

(ii) Improvement of credit risk profile (continued)

○ ***Non-retail portfolio***

The non-retail portfolio comprises of loans which are managed individually by the Relationship Managers (RMs) with oversight from the Credit Risk team of the Group. These loans are appraised at least annually based on the financial information, other qualitative information and account conduct of the customer.

A non-retail customer is identified as at default if the customer is materially delinquent for more than 90 days of any of its credit obligation. Materiality refers to 5% of the principal outstanding being past due for 90+ days is considered delinquent.

○ ***Retail portfolio***

The retail portfolio comprises of loans that are managed at a product level, and based on approved product programs. A retail account is identified as default if the customer is delinquent for more than 90 days.

The default rate analysis for the retail portfolio is performed at the account level.

(iii) Incorporation of forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Group relies on a broad range of forward looking information as economic inputs such as:

- House prices like real estate – Dubai and Abu Dhabi Index;
- Economic Composite Index (ECI);
- Non-Oil Economic Composite Index (NIECI);
- Oil Price per Barrel (OPB);
- Consumer Price Index (CPI) and
- Hotel Occupancy Dubai.

(iv) Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and / or timing of the contractual cash flows either immediately or at a future date.

When a financial asset is modified, the Group assesses whether this modification results in derecognition. In accordance with the Group's policy, a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Group considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then;

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.1 Financial Assets (continued)

3.1.2 Impairment of financial assets (continued)

(iv) Modification of financial assets (continued)

- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest. If the difference in present value is material, the Group deems the arrangement is substantially different leading to derecognition.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Group Credit Committee regularly reviews reports on forbearance activities.

If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired. For financial assets modified as part of the Group's forbearance policy, where modification did not result in derecognition, the estimate of PD reflects the Group's ability to collect the modified cash flows taking into account the Group's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms.

If the credit risk remains significantly higher than what was expected at initial recognition, the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in the consolidated statement of profit or loss. Then the Group measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset. For floating-rate financial

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.1 Financial Assets (continued)

3.1.2 Impairment of financial assets (continued)

(iv) Modification of financial assets (continued)

assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

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

3.2 Taxation

The income tax expense represents the sum of current and deferred income tax expense.

Current tax

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

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

Deferred tax

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Taxation (continued)

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

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

4. USE OF ESTIMATES AND JUDGMENTS

The preparation of these Group condensed consolidated interim financial information requires management to make estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty and actual results may therefore differ, resulting in future changes in these estimates. In preparing these condensed consolidated interim financial statements, judgement is exercised by management in applying the Group's accounting policies. The key sources of estimation uncertainty are consistent with the annual audited consolidated financial statements of the Group as at and for the year ended 31 December 2024.

(i) Credit risk management

In addition to the management of credit risk described in Note 35 b. (i) to the annual audited consolidated financial statements of the Group as at and for the year ended 31 December 2024, the Group has identified several more vulnerable sectors to an environment with higher interest rates, and reviews are being conducted on a more frequent basis. Sectors that currently are considered more vulnerable are:

- Contracting
- Construction and Manufacturing
- Commercial Real Estate
- Trade

The Group continues to apply robust underwriting standards to companies in the above sectors, especially for any new customers. Extra measures, such as requiring additional approvals for disbursals of facilities have been implemented to ensure a high level of scrutiny over the credit management process.

The Group will continue to demonstrate sound prudence and vigor in underwriting across the retail sector whilst supporting customers and businesses across the UAE.

4. USE OF ESTIMATES AND JUDGMENTS (CONTINUED)

(i) Credit risk management (continued)

The Group exercises significant judgement in assessing and estimating areas such as Expected Credit Losses. The Group has updated its ECL model based on the latest macro-economic data provided by Moody's.

Governance around IFRS 9 ECL models and calculations

Given the significant impact that the macro-economic scenarios and weightages will have on the Group’s ECL, the Group has further strengthened its processes, controls and governance frameworks around macro-economic forecasting and the computation of ECL. The Group’s IFRS 9 Committee, which reports to the Executive Management, has primary responsibility for overseeing the Group’s ECL models. To ensure the ongoing integrity of ECL calculations during times of extreme uncertainty and volatility, the Group’s IFRS 9 Committee exercises oversight by conducting regular reviews of the portfolio. The Committee has been closely monitoring the macro-economic inputs applied to the IFRS 9 model at the Group and has recommended changes required during the current year in the light of relevant information received. The Committee continually assess the performance of the Group’s portfolio, ensuring that credit risk behaviors align with the significant increase in credit risk policy and that the staging criteria remain relevant.

(ii) Fair value measurement of financial instruments

The Group's existing policy on fair value measurement of financial instruments is disclosed in note 3.1 (b) to the annual audited consolidated financial statements of the Group as at and for the year ended 31 December 2024.

(iii) Investment properties

The Group's existing policy on the recognition and measurement of investment properties is disclosed in note 3.6 to the annual audited consolidated financial statements of the Group as at and for the year ended 31 December 2024.

5. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS "IFRS"

Relevant new and revised IFRS applied with no material effect on the Group condensed consolidated interim financial statements.

The following new and revised IFRS have been adopted in these condensed consolidated interim financial statements. The application of these new and revised IFRS has not had any material impact on the amounts reported for the current and prior periods.

	Effective for annual period beginning on or after
Lack of Exchangeability (Amendment to IAS 21)	1 January 2025

6. RISK GOVERNANCE AND FINANCIAL RISK MANAGEMENT

The Group's Risk Governance and Financial Risk Management objectives, policies and procedures are consistent with those disclosed in these Group audited consolidated financial statements as at and for the year ended 31 December 2024.

7. CASH AND BALANCES WITH CENTRAL BANK

	31 March 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Cash on hand	**1,179,963**	1,093,528
Balances with Central Bank U.A.E.		
- Statutory reserves and other deposits	**10,364,389**	13,644,110
- Negotiable certificates of deposit	**1,550,000**	2,200,000
	13,094,352	16,937,638

Cash and balances with Central Bank is classified under stage 1 as per IFRS 9. However, as the counterparty holds a good credit rating, the probability of default is considered to be low and hence the expected credit loss is considered to be immaterial.

8. DUE FROM BANKS, NET

	31 March 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Current and demand deposits	**1,223,348**	1,791,315
Overnight, call and short notice	**506,636**	650,704
Loans to banks	**3,068,711**	2,723,062
Gross due from banks	**4,798,695**	5,165,081
Less: Expected credit losses	**(8,520)**	(3,039)
Net due from banks	**4,790,175**	5,162,042
Within the U.A.E.	**277,073**	249,981
Outside the U.A.E.	**4,513,102**	4,912,061
	4,790,175	5,162,042

9. INVESTMENT SECURITIES, NET

	UAE AED'000	**GCC AED'000**	**International AED'000**	**Total AED'000**
31 March 2025 (Unaudited)				
Held at fair value through profit or loss				
Fixed rate non-government debt securities	**12,509**	**5,550**	**47,682**	**65,741**
Unquoted equity instruments	**-**	**-**	**199,670**	**199,670**
	12,509	**5,550**	**247,352**	**265,411**
Held at fair value through other comprehensive income				
Quoted equity instruments	**57,014**	**-**	**-**	**57,014**
Unquoted equity instruments and fund	**113,841**	**-**	**2,266**	**116,107**
Fixed rate debt securities				
- Government	**2,072,543**	**630,220**	**900,583**	**3,603,346**
- Others	**1,066,118**	**195,677**	**1,524,793**	**2,786,588**
	3,309,516	**825,897**	**2,427,642**	**6,563,055**
Held at amortised cost				
Fixed rate debt securities				
- Government	**6,149,339**	**1,389,836**	**520,387**	**8,059,562**
- Others	**200,758**	**187,265**	**1,043,231**	**1,431,254**
	6,350,097	**1,577,101**	**1,563,618**	**9,490,816**
	9,672,122	**2,408,548**	**4,238,612**	**16,319,282**
Less: Expected credit losses on amortised cost securities				**(84)**
				16,319,198

9. INVESTMENT SECURITIES, NET (CONTINUED)

	UAE AED'000	GCC AED'000	International AED'000	Total AED'000
31 December 2024 (Audited)				
Held at fair value through profit or loss				
Fixed rate non-government debt securities	1,845	-	-	1,845
Unquoted equity instruments	-	-	179,013	179,013
	1,845	-	179,013	180,858
Held at fair value through other comprehensive income				
Quoted equity instruments	59,655	-	-	59,655
Unquoted equity instruments and fund	113,167	-	2,265	115,432
Fixed rate debt securities				
- Government	2,125,886	620,908	943,002	3,689,796
- Others	1,177,231	277,567	1,550,383	3,005,181
	3,475,939	898,475	2,495,650	6,870,064
Held at amortised cost				
Fixed rate debt securities				
- Government	5,710,626	468,430	567,112	6,746,168
- Others	200,736	-	592,665	793,401
	5,911,362	468,430	1,159,777	7,539,569
	9,389,146	1,366,905	3,834,440	14,590,491
Less: Expected credit losses on amortised cost securities				(67)
				14,590,424

Included in fixed and floating rate securities held at fair value through other comprehensive income and at amortised cost securities is an amount of AED 5,437.3 million (31 December 2024: AED 5,643.7 million), pledged under repurchase agreements with banks under short term and medium-term borrowings.

10. LOANS AND ADVANCES AND ISLAMIC FINANCING, NET

The composition of the loans and advances and Islamic financing portfolio is as follows:

	31 March 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
<u>At Amortised Cost</u>		
Loans and advances		
Overdrafts	**5,656,980**	5,694,419
Loans	**76,838,160**	73,379,282
Advances against letters of credit and trust receipts	**3,070,390**	2,953,685
Bills discounted	**3,929,812**	3,568,514
Gross loans and advances	**89,495,342**	85,595,900
Islamic financing		
Murabaha and Tawaruq	**5,439,202**	6,008,997
Ijara	**6,796,729**	6,209,480
Others	**391,547**	479,520
Gross Islamic financing	**12,627,478**	12,697,997
Gross loans and advances and Islamic financing	**102,122,820**	98,293,897
Less: Expected credit losses	**(5,190,818)**	(5,245,302)
Net loans and advances and Islamic financing	**96,932,002**	93,048,595

10. LOANS AND ADVANCES AND ISLAMIC FINANCING, NET (CONTINUED)

10.1 An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
At 31 March 2025 (Unaudited)				
Gross loans and advances and Islamic financing	**87,893,503**	**8,844,337**	**5,384,980**	**102,122,820**
Less: Expected credit losses	**(528,693)**	**(815,491)**	**(3,846,634)**	**(5,190,818)**
Net loans and advances and Islamic financing	**87,364,810**	**8,028,846**	**1,538,346**	**96,932,002**
At 31 December 2024 (Audited)				
Gross loans and advances and Islamic financing	83,571,894	9,396,369	5,325,634	98,293,897
Less: Expected credit losses	(437,901)	(880,341)	(3,927,060)	(5,245,302)
Net loans and advances and Islamic financing	83,133,993	8,516,028	1,398,574	93,048,595

10.2 The following is the concentration by sector for loans and advances and Islamic financing:

	31 March 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Commercial and Business		
Manufacturing	**9,139,936**	8,887,163
Construction	**4,703,111**	4,566,934
Real estate	**18,106,805**	17,820,829
Trade	**11,274,547**	10,727,374
Transportation and storage	**3,279,436**	3,438,512
Services	**7,520,795**	6,962,960
Hospitality	**2,476,516**	2,454,666
Total Commercial and Business	**56,501,146**	54,858,438
Financial and insurance activities	**8,738,111**	8,389,802
Government entities	**4,397,989**	4,033,999
Personal - mortgage	**17,395,956**	16,129,441
Personal - schematic	**5,840,730**	5,755,091
Individual loans for business	**931,521**	865,933
Others	**8,317,367**	8,261,193
Gross loans and advances and Islamic financing	**102,122,820**	98,293,897
Less: Expected credit losses	**(5,190,818)**	(5,245,302)
Net loans and advances and Islamic financing	**96,932,002**	93,048,595

10. LOANS AND ADVANCES AND ISLAMIC FINANCING, NET (CONTINUED)

10.3 An analysis of changes in the ECL is as follows:

	31 March 2025 AED'000 (Unaudited)	31 March 2024 AED'000 (Unaudited)
ECL allowance at the beginning of the period	**5,245,302**	5,560,758
Net impairment allowance	**135,267**	309,193
Interest / profit not recognised	**131,337**	139,782
Recoveries / reversals	**(26,870)**	(7,734)
Amounts written off	**(294,218)**	(31,174)
ECL allowance at the end of the period	**5,190,818**	5,970,825

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

The CBUAE has issued its IFRS 9 guidance addressing various implementation challenges and practical implications for Banks adopting IFRS 9 in the UAE ("the guidance").

Pursuant to clause 9.21 of the guidance, the reconciliation between general provision under Circular 3/2024 of CBUAE and IFRS 9 is as follows:

	31 March 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Allowances for impairment losses: General		
General provisions under Circular 3/2024 of CBUAE	**1,576,276**	1,480,195
Less: Stage 1 and Stage 2 provisions under IFRS 9	**1,586,065**	1,497,035
General provision transferred to the impairment reserve*	**-**	-

*In the case where provisions under IFRS 9 exceed provisions under CBUAE, no amount shall be transferred to the impairment reserve.

Provisions had been modelled and aligned with the Credit Risk Management in compliance with the Credit Risk Management Regulation and accompanying standards Circular No. 3/2024 issued by Central Bank of UAE and dated 25 July 2024.

11. OTHER ASSETS, NET

	31 March 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Interest receivable	**806,271**	711,953
Accounts receivable and prepayments	**745,749**	566,242
Properties acquired in settlement of debt-held for sale, net	**692,025**	694,136
	2,244,045	1,972,331

Properties acquired in settlement of debt were acquired in order to extinguish a loan.

12. CUSTOMER DEPOSITS AND ISLAMIC CUSTOMER DEPOSITS

	31 March 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Customer deposits		
Current and demand accounts	**43,834,295**	40,124,294
Savings accounts	**3,942,938**	3,540,579
Time deposits	**36,917,286**	37,729,630
	84,694,519	81,394,503
Islamic customer deposits		
Current and demand accounts	**3,381,320**	3,373,311
Mudaraba savings accounts	**523,072**	600,716
Investment and Wakala deposits	**11,025,439**	12,194,937
	14,929,831	16,168,964
Total customer deposits and Islamic customer deposits	**99,624,350**	97,563,467

The Group maintains an investment risk reserve, which represents a portion of the depositors' share of profits set aside as a reserve for AED 8.7 million (31 December 2024: AED 8.7 million).

13. NOTES AND MEDIUM TERM BORROWINGS

	Notes	31 December 2024 AED'000 (Audited)	Cash flow changes AED'000	Non cash flow changes AED'000	31 March 2025 AED'000 (Unaudited)
Repurchase agreements - III	13.2	**1,135,721**	**-**	**-**	**1,135,721**
Repurchase agreements - IV	13.2	**917,459**	**-**	**-**	**917,459**
Repurchase agreements - V	13.2	**916,508**	**-**	**-**	**916,508**
Medium term notes	13.3	**3,948,475**	**-**	**-**	**3,948,475**
Total		**6,918,163**	**-**	**-**	**6,918,163**

	Notes	31 December 2023 AED'000 (Audited)	Cash flow changes AED'000	Non cash flow changes AED'000	31 March 2024 AED'000 (Unaudited)
Syndicated loan	13.1	623,793	(624,410)	617	-
Repurchase agreements - III	13.2	1,135,721	-	-	1,135,721
Repurchase agreements - IV	13.2	917,459	-	-	917,459
Repurchase agreements - V	13.2	916,508	-	-	916,508
Medium term notes	13.3	2,111,975	-	-	2,111,975
Total		5,705,456	(624,410)	617	5,081,663

13.1 Syndicated loan

In August 2019, the Group entered into a club deal of AED 624.4 million (USD 170 million) for a term of 5 years with an option to roll over on a semi-annual basis maturing in August 2024. This deal concluded in February 2024.

13.2 Repurchase agreements

The Group entered into multiple repo transactions to obtain financing against the sale of certain debt securities. The repo transactions details are as follows:

	Purchase date	Maturity date	Fixed/ Floating	Amount in USD (millions)	Amount in AED (millions)
Repurchase agreements - III	June 2021	June 2026	Floating	309.2	1,135.7
Repurchase agreements - IV	April 2023	April 2026	Floating	249.8	917.5
Repurchase agreements - V	April 2023	April 2028	Floating	249.5	916.5

As at 31 March 2025 the fair value of the debt securities, which have been pledged under these repurchase agreements with banks, amounts to AED 3,488.5 million (USD 949.8 million) (31 December 2024: AED 3,452.8 million (USD 940.1 million)).

13. NOTES AND MEDIUM TERM BORROWINGS (CONTINUED)

13.3 Medium term notes

	Purchase date	Maturity date	Fixed/ Floating	Amount in USD (millions)	Amount in AED (millions)
Conventional Note	July 2021	July 2026	Floating	50.0	183.7
Conventional Note	Sept 2021	Sept 2026	Floating	25.0	91.8
Conventional Green Note	June 2023	June 2028	Fixed	500.0	1,836.5
Conventional Note	Oct 2024	Oct 2029	Fixed	500.0	1,836.5

14. OTHER LIABILITIES

	31 March 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Accrued interest payable	**1,173,574**	1,077,148
Employees' terminal benefits	**46,489**	44,992
Accounts payable	**923,528**	708,329
Accrued expenses	**144,396**	218,244
Manager cheques	**777,234**	573,543
Unearned fee income and deferred credits	**54,242**	39,036
Impairment allowance on financial guarantees and others	**240,003**	318,204
Tax payable	**377,191**	295,804
	3,736,657	3,275,300

15. EQUITY

15.1 Share capital

The fully paid up and authorised ordinary share capital as at 31 March 2025 comprised 2,985,191,949 ordinary shares of AED 1 each (31 December 2024: 2,985,191,949 shares of AED 1 each). In the current and prior year there was no movement.

At the Annual General Meeting of the shareholders held on 5 March 2025, the shareholders approved a cash dividend of AED 0.5074 per share for the year ended 31 December 2024 (2023: AED 0.4438 per share).

15. EQUITY (CONTINUED)

15.2 Tier 1 capital

The Group had issued AED 2,203.8 million (USD 600 million) of Tier 1 Capital Securities at a price of 6% per annum on 21 October 2020. The notes are non-callable for 6 years and are listed on Euronext Dublin and Nasdaq Dubai.

The notes are perpetual, subordinated and unsecured. The Group can elect not to pay a coupon at its own discretion. Note holders will not have a right to claim the coupon and such event will not be considered an event of default.

The accounting treatment for the securities is governed by IAS 32 Financial Instruments Presentation. As per IAS 32, the instrument qualifies as an equity instrument and the interest paid on the securities is accounted for as a deduction from retained earnings. The accounting treatment for issuing securities transaction costs are accounted for as a deduction from equity. These are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

16. OTHER OPERATING INCOME

	31 March 2025 AED'000 (Unaudited)	31 March 2024 AED'000 (Unaudited)
Net gains from foreign exchange and derivatives	**68,020**	77,566
Net gain from investments at fair value through profit or loss	**1,501**	1,168
Net gain from sale of debt investments at fair value through other comprehensive income	**-**	951
Dividend income	**5,655**	4,535
Other income, net	**36,819**	51,681
	111,995	135,901

17. OPERATING EXPENSES

	31 March 2025 AED'000 (Unaudited)	31 March 2024 AED'000 (Unaudited)
Depreciation and amortisation	**19,585**	12,328
General and administrative expenses	**158,425**	113,659
Staff expenses	**192,278**	189,111
	370,288	315,098

18. NET IMPAIRMENT LOSS

	31 March 2025 AED'000 (Unaudited)	31 March 2024 AED'000 (Unaudited)
Net impairment charge / (reversal) on		
Due from banks	**5,481**	133
Investment securities	**(51)**	32
Loans and advances and Islamic financing	**135,267**	309,193
Other assets	**-**	211
Impairment allowance on financial guarantees and other commitments	**(18,975)**	20,362
Recoveries of loans and advances and Islamic financing	**(31,039)**	(42,883)
Net impairment loss for the period	**90,683**	287,048

19. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share have been computed using the net profit (further adjusted for interest expense and transaction cost on Tier 1 capital notes) divided by the weighted average number of ordinary shares outstanding 2,985,191,949 (31 March 2024: 2,985,191,949)

	31 March 2025 AED'000 (Unaudited)	31 March 2024 AED'000 (Unaudited)
Net profit for the period	**828,110**	700,984
Deduct : Interest on Tier 1 capital notes	**-**	-
Adjusted net profit for the period	**828,110**	700,984
Weighted average number of ordinary shares ('000)	**2,985,192**	2,985,192
Adjusted earnings per share (AED)	**0.28**	0.23

Diluted earnings per share for the three months period ended 31 March 2025 and 31 March 2024 are equivalent to basic earnings per share as Group has not issued any financial instruments that should be taken into consideration as it would impact earnings per share when executed.

20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in these Group condensed consolidated interim statement of cash flows comprise the following Group's condensed consolidated interim statement of financial position amounts.

	31 March 2025 AED'000 (Unaudited)	31 March 2024 AED'000 (Unaudited)
Cash on hand	**1,179,963**	982,169
Statutory reserves and other deposits	**10,364,389**	9,618,864
Negotiable certificates of deposit with the Central Bank U.A.E.	**1,550,000**	1,300,000
Due from banks	**4,798,695**	3,718,654
	17,893,047	15,619,687
Less: Negotiable certificates of deposit with the Central Bank U.A.E. with original maturity more than three months	**(1,150,000)**	(1,300,000)
Less: Due from banks with original maturity of more than three months	**(3,068,711)**	(2,540,619)
	13,674,336	11,779,068

21. CONTINGENT LIABILITIES AND UNDRAWN COMMITMENTS

Contingent liabilities represent credit-related commitments to extend letters of credit and guarantees which are designed to meet the requirements of the Group's customers toward third parties. Undrawn commitments represent the Group's commitments towards approved un-drawn credit facilities. The amount of contingent liabilities reflected below represent the maximum accounting loss that would be recognised at the reporting date if counterparties failed completely to perform as contracted.

	31 March 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Contingent liabilities:		
Letters of credit	**3,130,197**	2,748,204
Letters of guarantee	**22,723,672**	19,925,577
Total contingent liabilities	**25,853,869**	22,673,781
Undrawn commitments to extend credit	**27,511,409**	26,808,976
Capital expenditure commitments	**175,793**	161,458
Commitments for future private equity investments	**45,101**	45,101
Total contingent liabilities and undrawn commitments	**53,586,172**	49,689,316

In the normal course of business, certain litigations were filed by or against the Group. However, based on management assessment, none of the litigations have a material impact on the Group's financial results.

The Group seeks to comply with all applicable laws by which it is governed and is not aware of any material fines or penalties that warrant disclosure in the financial statements.

22. SEGMENTAL REPORTING

The Group uses business segments for presenting its segment information, which is based on the Group's management and internal reporting structure that are regularly reviewed by the Executive Committee to allocate resources to the segment and to assess its performance. From time-to-time restatements are made based on business structures and combination changes. During the period, there have been no material changes to the organization structure and the portfolio allocation to the business segments. The prior comparative period figures have been reclassified to conform to the current period's presentation.

The business segments pay to and receive interest from the Treasury to reflect the allocation of funding costs. Interest is charged or credited to business segments and branches to match funding at transfer pricing rates which approximate the cost of funds.

Business segments

Institutional banking	Includes loan and other credit facilities, deposits, trade finance products and e-commerce solutions to institutional clients (including Government related entities).
Corporate banking	Includes loans, working capital financing, trade finance and deposits products to corporate (mid-sized and emerging) clients.
Personal banking	Includes current accounts, easy access saving accounts, fixed rate deposit accounts, personal loans, overdraft facilities, vehicle finance, mortgage products, loans and other credit facilities to retail clients. It also includes the enterprise wide liabilities unit serving non-borrowing wholesale and small business clients.
Trading & other	Undertakes balance sheet management deals and manages the Group's proprietary investment portfolio. It also has derivatives for trading and risk management purposes.

Geographical

The Group operates in one geographic area, the United Arab Emirates.

	Institutional banking	Corporate banking	Personal banking	Trading & Other	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
31 March 2025 (Unaudited)					
Assets	**40,590,670**	**45,256,466**	**22,594,313**	**32,687,268**	**141,128,717**
Liabilities	**43,436,593**	**22,113,900**	**43,892,751**	**14,872,275**	**124,315,519**
31 December 2024 (Audited)					
Assets	39,510,834	43,874,472	21,266,692	35,523,320	140,175,318
Liabilities	45,121,107	21,716,980	40,837,058	15,075,564	122,750,709

22. SEGMENTAL REPORTING (CONTINUED)

	Institutional banking AED'000	Corporate banking AED'000	Personal banking AED'000	Trading & Other AED'000	Total AED'000
31 March 2025 (Unaudited)					
Net interest income and net income from Islamic financing	**211,685**	**343,522**	**383,494**	**46,595**	**985,296**
Non-interest and other income	**103,576**	**107,852**	**126,414**	**47,854**	**385,696**
Total operating income	**315,261**	**451,374**	**509,908**	**94,449**	**1,370,992**
Operating expenses	**(76,240)**	**(92,240)**	**(213,527)**	**11,719**	**(370,288)**
Net Impairment loss	**(82,384)**	**51,002**	**(63,267)**	**3,966**	**(90,683)**
	(158,624)	**(41,238)**	**(276,794)**	**15,685**	**(460,971)**
Net profit for the period before income tax expense	**156,637**	**410,136**	**233,114**	**110,134**	**910,021**
Income tax expense	**(14,098)**	**(36,912)**	**(20,980)**	**(9,921)**	**(81,911)**
Net profit for the period	**142,539**	**373,224**	**212,134**	**100,213**	**828,110**
31 March 2024 (Unaudited)					
Net interest income and net income from Islamic financing	215,554	300,495	351,946	91,325	959,320
Non-interest and other income	100,409	98,809	155,115	58,589	412,922
Total operating income	315,963	399,304	507,061	149,914	1,372,242
Operating expenses	(68,383)	(79,147)	(188,596)	21,028	(315,098)
Net Impairment loss	(149,020)	(113,302)	19,249	(43,975)	(287,048)
	(217,403)	(192,449)	(169,347)	(22,947)	(602,146)
Net profit for the period before income tax expense	98,560	206,855	337,714	126,967	770,096
Income tax expense	(8,821)	(18,513)	(30,224)	(11,554)	(69,112)
Net profit for the period	89,739	188,342	307,490	115,413	700,984

The following is an analysis of the total operating income of each segment between income from external parties and inter-segment:

	External Parties		**Inter-segment**	
	31 March 2025 AED'000 (Unaudited)	31 March 2024 AED'000 (Unaudited)	**31 March 2025 AED'000 (Unaudited)**	31 March 2024 AED'000 (Unaudited)
Institutional banking	**235,717**	182,444	**79,544**	133,519
Corporate banking	**720,530**	777,684	**(269,156)**	(378,380)
Personal banking	**282,630**	237,667	**227,278**	269,394
Trading & Other	**132,115**	174,447	**(37,666)**	(24,533)
Total operating income	**1,370,992**	1,372,242	**-**	-

23. FINANCIAL ASSETS AND LIABILITIES

23.1 Financial assets and liabilities classification

The table below set out the Group's financial assets and liabilities classification:

	Fair value through profit or loss AED'000	Fair value through OCI AED'000	Amortised cost AED'000	Total carrying amount AED'000
31 March 2025 (Unaudited)				
Cash and balances with Central Bank	-	-	13,094,352	13,094,352
Due from banks, net	-	-	4,790,175	4,790,175
Investment securities, net	265,411	6,563,055	9,490,732	16,319,198
Loans and advances and Islamic financing, net	-	-	96,932,002	96,932,002
Positive mark to market value of derivatives	439,981	-	-	439,981
Bankers acceptances	-	-	6,329,472	6,329,472
Other assets, net	-	-	1,115,480	1,115,480
Total financial assets	705,392	6,563,055	131,752,213	139,020,660
Due to banks	-	-	7,300,480	7,300,480
Customer deposits and Islamic customer deposits	-	-	99,624,350	99,624,350
Notes and medium term borrowing	-	-	6,918,163	6,918,163
Negative mark to market value of derivatives	406,397	-	-	406,397
Due for trade acceptances	-	-	6,329,472	6,329,472
Other liabilities	-	46,489	3,635,926	3,682,415
Total financial liabilities	406,397	46,489	123,808,391	124,261,277

23. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

23.1 Financial assets and liabilities classification (continued)

	Fair value through profit or loss	Fair value through OCI	Amortised cost	Total carrying amount
	AED'000	AED'000	AED'000	AED'000
31 December 2024 (Audited)				
Cash and balances with Central Bank	-	-	16,937,638	16,937,638
Due from banks, net	-	-	5,162,042	5,162,042
Investment securities, net	180,858	6,870,064	7,539,502	14,590,424
Loans and advances and Islamic financing, net	-	-	93,048,595	93,048,595
Positive mark to market value of derivatives	584,760	-	-	584,760
Bankers acceptances	-	-	6,930,361	6,930,361
Other assets, net	-	-	872,893	872,893
Total financial assets	765,618	6,870,064	130,491,031	138,126,713
Due to banks	-	-	7,542,023	7,542,023
Customer deposits and Islamic customer deposits	-	-	97,563,467	97,563,467
Notes and medium term borrowing	-	-	6,918,163	6,918,163
Due for trade acceptances	-	-	6,930,361	6,930,361
Negative mark to market value of derivatives	521,395	-	-	521,395
Other liabilities	-	44,992	3,191,272	3,236,264
Total financial liabilities	521,395	44,992	122,145,286	122,711,673

23.2 Fair value measurement – fair value hierarchy:

The table below shows categorization of fair value of financial assets and liabilities into different levels of the fair value hierarchy.

Different level of fair value hierarchy have been defined as follows:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, group, pricing service or regulatory agency, and those prices represent actual and regularly recurring market transactions on an arm's length basis.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs based on unobservable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Except for financial assets and liabilities specified in the below table, the fair value of financial assets and liabilities is not materially different from their carrying value.

23. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

23.2 Fair value measurement – fair value hierarchy: (continued)

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total fair value AED'000
31 March 2025 (Unaudited)				
Investments				
Equity instruments and funds	**57,014**	**113,841**	**201,936**	**372,791**
Fixed and floating rate securities	**5,713,093**	**742,582**	**-**	**6,455,675**
Positive market value of forward foreign exchange contracts and other derivatives				
Fair value through profit or loss	**-**	**439,970**	**-**	**439,970**
Held for fair value hedge	**-**	**11**	**-**	**11**
Negative market value of forward foreign exchange contracts and other derivatives				
Fair value through profit or loss	**-**	**(406,386)**	**-**	**(406,386)**
Held for fair value hedge	**-**	**(11)**	**-**	**(11)**
	5,770,107	**890,007**	**201,936**	**6,862,050**

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total fair value AED'000
31 December 2024 (Audited)				
Investments				
Equity instruments and funds	59,655	113,167	181,278	354,100
Fixed and floating rate securities	5,886,176	810,646	-	6,696,822
Positive market value of forward foreign exchange contracts and other derivatives				
Fair value through profit or loss	-	584,730	-	584,730
Held for fair value hedge	-	30	-	30
Negative market value of forward foreign exchange contracts and other derivatives				
Fair value through profit or loss	-	(521,365)	-	(521,365)
Held for fair value hedge	-	(30)	-	(30)
	5,945,831	987,178	181,278	7,114,287

The carrying values of the financial assets and liabilities (that are not stated at fair value) are not significantly different from their fair values.

During the period, there were no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy above. Further, there has been no change in the valuation techniques in relation to valuation of financial instruments during the current or prior period.

24. RELATED PARTY TRANSACTIONS AND BALANCES

As at 31 March 2025 and 31 December 2024, the Investment Corporation of Dubai ("ICD") owns 20% share capital of the Group. ICD is a wholly-owned entity by the Government of Dubai (the "Government"). The Group applies the exemption in IAS 24 Related Party Disclosures that allows to present reduced related party disclosures regarding transactions with government related parties.

The Group in the ordinary course of business enters into transactions with major shareholders, directors, key management personnel and their related entities. The terms of these transactions are approved by the Group's Board of Directors. 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.

	Directors and key management personnel		**Government related parties**		**Other related parties**	
	31 March 2025	31 December 2024	**31 March 2025**	31 December 2024	**31 March 2025**	31 December 2024
	AED'000	AED'000	**AED'000**	AED'000	**AED'000**	AED'000
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
Due from banks	**-**	-	**74,714**	323,460	**-**	-
Investment securities, net	**-**	-	**834,836**	554,518	**-**	-
Loans and advances and Islamic financing	**68,292**	69,348	**39,200**	207,403	**3,229,282**	3,327,045
Bankers acceptances	**-**	-	**-**	-	**282,595**	293,009
Letters of credit	**-**	-	**-**	1	**256,854**	267,526
Letters of guarantee	**-**	-	**232,414**	174,252	**400,054**	400,400
Undrawn commitments to extend credit	**7,010**	1,846	**731,678**	796,575	**817,699**	276,261
Due to banks	**-**	-	**6,500**	35,880	**-**	-
Customer deposits and Islamic customer deposits	**426,823**	183,367	**5,332,789**	6,325,647	**1,668,821**	1,255,042

	31 March 2025	31 March 2024	**31 March 2025**	31 March 2024	**31 March 2025**	31 March 2024
	AED'000	AED'000	**AED'000**	AED'000	**AED'000**	AED'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Interest income and commission income	**1,179**	1,519	**1,777**	11,420	**56,143**	37,660
Interest expense	**1,598**	748	**66,561**	52,064	**12,446**	13,719

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

Other related parties represents major shareholders and parties related to directors, key management personnel.

24. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Directors' sitting fees for attending committee meetings during the three months period ended 31 March 2025 amounted to AED 735 thousand (31 March 2024: AED 630 thousand).

Directors' remuneration paid during the period amounted to AED 27.3 million (31 December 2024: AED 23.0 million).

Key management compensation	**31 March 2025 AED'000 (Unaudited)**	31 March 2024 AED'000 (Unaudited)
Salaries	**7,618**	6,815
Post-employment benefits	**274**	281
Other benefits	**25,079**	68,337

25. CAPITAL ADEQUACY

The Central Bank of U.A.E. ('CBUAE') supervises the Group on a consolidated basis, and therefore receives information on the capital adequacy of, and sets capital requirements for, the Group as a whole. Effective from 2017, the capital is computed at a Group level using the Basel III framework of the Basel Committee on Banking Supervision ('Basel Committee'), after applying the amendments advised by the CBUAE, within national discretion. The Basel III framework, like Basel II, is structured around three 'pillars': minimum capital requirements, supervisory review process and market discipline.

The Bank's capital base is divided into three main categories, namely CET1, AT1 and Tier 2 (T2), depending on their characteristics.

- CET1 capital is the highest quality form of capital, comprising share capital, legal, statutory and other reserves, fair value reserve, retained earnings, after deductions for intangibles and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes under 'CBUAE' guidelines.
- AT1 capital comprises eligible non-common equity capital instruments.
- Tier 2 capital comprises of collective provision which shall not exceed 1.25% of total credit risk weighted assets.

The table below summarizes the composition of regulatory capital and the ratios of the Group as per Basel III guidelines and has complied with all of the externally imposed capital requirements to which it is subject.

As per the Central Bank U.A.E. regulation for Basel III, the capital requirement as at 31 March 2025 is 13% inclusive of capital conservation buffer of 2.5%. The Group has also applied the standards issued vide its circular dated 12 November 2020 and 30 December 2022 by the CBUAE which includes additional Guidance on the topics of Credit Risk, Market Risk, Operational Risk, Equity Investment in Funds (EIF), Counter Party Credit Risk (CCR) and Credit Value Adjustment (CVA). The Standards support the implementation of the "Regulations re Capital Adequacy" (Circular 52/2022).

25. CAPITAL ADEQUACY (CONTINUED)

	31 March 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Common equity tier 1 (CET1) capital		
Share capital	**2,985,192**	2,985,192
Legal and statutory reserve	**1,492,596**	1,492,596
General reserve and other reserves	**1,366,663**	1,366,663
Retained earnings	**9,140,614**	8,312,504
Accumulated other comprehensive income	**(390,811)**	(461,360)
IFRS transitional arrangement	**-**	91,791
	14,594,254	13,787,386
Regulatory deductions and adjustments	**(316,002)**	(300,742)
Total CET1 capital	**14,278,252**	13,486,644
Additional tier 1 (AT1) Capital	**2,203,800**	2,203,800
Tier 1 capital	**16,482,052**	15,690,444
Tier 2 capital		
Eligible general provision	**1,313,563**	1,233,496
Tier 2 capital	**1,313,563**	1,233,496
Total regulatory capital	**17,795,615**	16,923,940
Risk weighted assets (RWA)		
Credit risk	**105,085,070**	98,679,694
Market risk	**1,228,003**	1,136,166
Operational risk	**9,951,569**	8,900,597
Risk weighted assets	**116,264,642**	108,716,457
CET1 ratio	**12.28%**	12.41%
Tier 1 ratio	**14.18%**	14.43%
Tier 2 ratio	**1.13%**	1.14%
Capital adequacy ratio	**15.31%**	15.57%

26. GROUP CONSOLIDATED INCOME TAX

The major component of income tax expense for the period ended 31 March 2025 are:

	31 March 2025 AED'000 (Unaudited)	31 March 2024 AED'000 (Unaudited)
Corporation income tax		
Current year	**81,911**	69,112
Tax recognised in Statement of other Comprehensive Income		
Current tax in other comprehensive income	**(315)**	121

The standard rate of corporation tax applied to reported profits is 9% (2024: 9%)

The Group's consolidated effective tax rate for the three months period ended 31 March 2025 is 9%. The reconciliation of profit before tax is presented below. The corporation expense is recognized at an amount determined by multiplying the profit (loss) before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year. The effective tax rate in the interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

The charge for the period can be reconciled to the profit before tax as follows:

	31 March 2025 AED'000 (Unaudited)	31 March 2024 AED'000 (Unaudited)
Net Profit for the period before income tax expense	**910,021**	770,096
Tax at the company domestic rate of 9% (FY 2024:9%)	**81,902**	69,309
Tax effect of income not taxable in determining taxable profit	**(286)**	(421)
Tax effect of expenses that are not deductible in determining taxable profit	**96**	41
Other adjustments	**199**	183
Tax expense for the period	**81,911**	69,112
Effective Tax Rate	**9.00%**	8.97%

26. GROUP CONSOLIDATED INCOME TAX (CONTINUED)

	31 March 2025 AED'000 (Unaudited)	31 March 2024 AED'000 (Unaudited)
Statement of Other Comprehensive Income		
Current tax		
Items that will not be reclassified subsequently to profit or loss:		
Net change in fair value of equity investments (or instruments) at FVOCI	**(315)**	121
Total income tax recognized directly in equity	**(315)**	121

27. PILLAR 2

The UAE has issued Cabinet Decision No (142) of 2024 that implements a Domestic Minimum Top-up Tax ("DMTT") . The DMTT will apply to Multinational Enterprises ("MNEs") that are within scope of Pillar Two based on the Organisation for Economic Cooperation and Development (OECD) Global Anti-Base Erosion ("GloBE") Model Rules. These rules will be imposed in cases where the MNE's effective tax rate ("ETR") in the UAE is below 15%. The CBD Group is UAE domiciled and is not expected to be captured within the Pillar Two rules.

28. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation adopted in these Group condensed consolidated interim financial statements, the effect of which are considered immaterial.