بنك دبي التجاري
Commercial Bank of Dubai

Banking Designed for the Future

CBD Integrated Report 2024

www.cbd.ae

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Chairman's Message



Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the annual report and audited financial statements of the Commercial Bank of Dubai for the financial year ended 31 December 2024.

Commercial Bank of Dubai accomplished outstanding achievements for the financial year 2024. The Bank has reached an unprecedented milestone, delivering record pre-tax profit growth of 25.5% to AED 3,325 million for the full year ended 31 December 2024. The Bank reached AED 140 billion in assets whilst total shareholders' equity increased by 10.4% to AED 17.4 billion. Operating income for the year amounted to AED 5,491million, an increase of 11.2%, attributable to strong loan growth with higher revenues at outstanding returns and with significantly improved asset quality. The cost-to-income ratio remained outstanding at 25.56%.

Throughout the year, the Bank navigated a dynamic and challenging financial landscape. The Bank's results accentuate that its strategy is being delivered as intended with all business segments posting solid results. The UAE's economic outlook for 2025 is positive and business confidence remains robust. The UAE's growth projection for 2025 is higher than the previous year, driven by continuing diversification from oil related activity, government initiatives including those to attract foreign investment and fiscal measures associated with major investment programmes. The Central Bank of the UAE expects the real Gross Domestic Product (GDP) to have grown by 4.0% in 2024 and to grow by 4.5% in 2025. Non-hydrocarbon GDP is expected to have grown by 4.9% in 2024 and to grow by 5.0% in 2025. The UAE's economic prospects continue to be enhanced mainly from the strategic plans and policies implemented by the government to attract foreign investments and promote economic diversification.

The Bank maintained its prudent approach towards credit risk. It continued to strengthen credit provisions with an additional impairment allowance totaling AED 762 million. The Bank's liquidity and adequacy position remained strong with the advances to stable resources ratio at 86.58% as of 31 December 2024, the Capital Adequacy Ratio (CAR) at 15.57%, Tier 1 ratio at 14.43% and the Common Equity Tier 1 (CET1) ratio at 12.41%.

The Bank enters 2025 with momentum across the various business lines and continues to strengthen and deepen customer relationships and product penetration, a key strategy for the Bank. This consistent approach led to higher fee income and growth across transactional banking, trade, mortgage and credit cards in 2024. The Bank also focussed on continuing to build a diversified deposit base with increased Current and Savings Accounts (CASA) balances.

CBD continued to accelerate the digital transformation agenda through innovation and partnerships, in addition to launching a variety of modern banking products and solutions that focus on enhancing our customers' experience. The Bank's digital and customer focus was widely recognised with multiple industry accolades, including "Best Innovation in Payment Technology" by MEA Finance Leaders in Payments Awards 2024, "Best Mobile Banking Technology Implementation" by The Asian Banker, "Best Retail Payments System Implementation" by IBSi Global Fintech Innovation Awards 2024, "Best Innovation in Corporate Banking and Finance" and "Best Branch Digitization Implementation" by MEA Finance Banking Technology Awards.

CBD strongly supports the UAE's Emiratisation vision, with continued efforts as a strategic priority for the Bank. By prioritising the recruitment, development and retention of UAE National talent, the Bank aims to foster a more inclusive and dynamic workforce that reflects the diversity and aspirations of the UAE. Strategic initiatives include comprehensive training programmes, leadership development opportunities, and career advancement pathways tailored specifically for UAE National talent. Through these efforts, the Bank not only supports the national agenda but also ensures that it is equipped with the best local talent to drive innovation and excellence across all CBD banking services.

The President, His Highness Sheikh Mohamed bin Zayed Al Nahyan, announced 2024 as a continuation of the "Year of Sustainability", building on the success of the 2023 theme and reaffirming the nation's commitment to fostering a sustainable and prosperous future for all. Throughout 2024, CBD continued to make progress across the pillars of our Environmental, Social and Governance (ESG) Framework, backing the ambitions of our proud nation. CBD received the prestigious "Best Financial Institution Green Bond in EMEA" by EMEA Finance underscoring our dedication to sustainable finance in accordance with our ESG strategy. Our commitment to carbon neutral operations by 2030 signifies our dedication to a sustainable future. Additionally, the Bank is dedicated to offering sustainable solutions that help in lowering emissions and supports the UAE's efforts to achieve its net-zero goal by 2050.

CBD remains well positioned for further growth and success in the future. We will continue to create a market-leading banking experience for our customers with leading financial performance that increases shareholder value. I am confident that through the efforts of our board, management team, and staff, we will continue to exceed our goals and move CBD forward in the years ahead.

In conclusion, on behalf of the Board, I would like to offer our appreciation and gratitude to the UAE's leadership for their vision, guidance, and support. I would also like to thank our shareholders, management team, employees, and valued customers for their trust, and continued support throughout 2024.

Best Regards,

Ahmad Abdulkarim Mohammad Julfar
Chairman

Message from the CEO



Dear Shareholders,

I am pleased to report that 2024 was an exceptional year for CBD, a year in which we delivered record net profit before tax of AED 3,325 million, up 25.5% from 2023. This growth was driven by a combination of a strong economic environment, disciplined strategic execution, and continued investment in digital transformation and talent development. Our commitment to innovation and operational excellence has enabled us to achieve these outstanding results.

Throughout 2024, several key macroeconomic developments influenced the financial services landscape. At the start of the year, central banks, particularly in the United States, focussed on curbing inflationary pressures. As the year progressed, inflation showed signs of easing, raising expectations of rate cuts in 2025. However economic volatility and geopolitical uncertainty tempered these forecasts. Despite these challenges, the UAE and GCC economies remained resilient, with data pointing to a strong business climate in 2025. USD-based interest rates have remained relatively elevated, supported by strong underlying economic indicators and expected fiscal policies under a new US administration.

Against this dynamic global backdrop, the UAE's leadership has continued to drive economic growth and business confidence. With this supportive environment, CBD has successfully executed our strategy, gained market share and delivered superior financial performance. We outperformed across four key financial metrics – revenue, operating profit, return on equity and overall business growth – while achieving strong results across all our core business segments.

In 2024, we achieved a net profit after tax of AED 3,030 million, on which the Board of Directors is proposing a record cash dividend of AED 50.74 per share, reflecting a 14.3% increase over the previous year. This proposed dividend payout is a result of our strong performance and capital position, which continues to be well above the regulatory thresholds set by the Central Bank of the UAE. This proposed shareholder distribution ensures that we retain capital needed to fuel our growth ambitions for 2025 and beyond.

I would like to take this opportunity to reiterate our strategic pillars and highlight notable achievements throughout the past year.

Achieve Financial Results

CBD's total revenue grew by 11.2% while operating profit increased by 10.2%. We delivered a record pre-tax return on equity of 23.48%. Notably, we achieved a significant multi-decade improvement in asset quality, reducing the Non-Performing-Loan (NPL) ratio from 6.46% at the end of 2023 to 4.35% while increasing the coverage ratio from 83.26% to 104.23% over the same period.

Key highlights of our performance:

- Growth across all major business segments, including Personal Banking, Corporate and Institutional Banking, with continued diversification across sectors
- Strategic participation in major infrastructure projects, reinforcing our role in supporting the UAE's nation-building ambitions
- Retail Banking's strong momentum, with our mortgage portfolio outpacing the market and our Credit Cards business achieving record volumes, driving significant market share growth

Become an Employer of Choice

We remain committed to attracting, developing, and retaining top talent. Key initiatives in 2024 included:

- A focussed Emiratisation strategy, enhancing our local talent pipeline.
- The expansion of our Tumoo7 graduate programme, equipping young Emirati professionals with expertise in technology, in collaboration with the Emirates Institute of Finance.
- An enhanced Digital Accelerator Programme, with employees trained in AI, data analytics, and business storytelling.

CBD also partnered with Microsoft to drive AI adoption across the organisation, becoming the most engaged user of Copilot in the region. To further enhance AI capabilities, we launched CBD's "Promptathon" to train and develop employees' skills in AI prompt engineering, supporting Dubai's 'One Million Prompters' initiative. This strategic alignment with the governmental vision demonstrates CBD's commitment to achieving Dubai's ambition to serve as a global AI hub as well as to foster technological innovation in the financial sector.

Additionally, CBD continues to support our community through various initiatives, including philanthropic donations to our long-term community partners and programme sponsorships such as the Dubai Club for People of Determination. The Bank also sponsored several key Dubai-based events, such as the Dubai Future Sustainability Forum and Dubai Fintech summit, which aligned with our focus on sustainable finance solutions and our investment in FinTech initiatives, respectively.

Drive Customer Focus

At the heart of our strategy is a relentless focus on customer experience. In 2024, we launched our 'Voice of the Customer' programme, providing direct feedback channels for continuous improvement. I am proud of the results achieved, as our Net Promoter Scores (NPS) reflect strong progress, with our Personal Banking Group achieving an NPS of 82 and Wholesale Banking reaching 88.

CBD also advanced our Environmental, Social, and Governance (ESG) initiatives. In June 2024, our USD 500 million Green Bond was awarded 'Best Financial Institution Green Bond in EMEA' by the EMEA Finance Achievement Awards 2023. Additionally, we closed 25 KPI-linked sustainable finance transactions and secured four LEED Gold Certifications for our facilities. We held a series of ESG Council and Board meetings during the year and conducted climate risk training for both the Board and executive team.

CBD's head office premises also underwent a workplace modernisation facelift, with the CBD Digital Factory launched in the DIFC Innovation Hub.

Maintain Default Digital

CBD continues to execute on our vision to be a 'default digital' bank, enhancing both our Personal and Wholesale Banking platforms.

- Our Personal Banking mobile app was recognised in an independent benchmarking report, scoring 69 versus a UAE bank average of 28, ranking as the UAE leader in four key categories: Marketing & Engagement, Product Research, Application & Fulfilment, and Assisted Sales & Support.

- Wholesale Banking advancements included launching a next-generation iBusiness mobile platform, with over 40 new services, an improved User Interface (UI), with enhanced security.

- We also introduced 'iBank', a digital onboarding platform for corporate clients, ensuring compliance and streamlining the customer journey.

Our digital transformation efforts were recognised with industry accolades, including:

- 'Best Mobile Banking Technology Implementation' – The Asian Banker, Middle East & Africa Finance Awards 2024

- 'Most Effective Cybersecurity Deployment' – IBS Intelligence Global FinTech Innovation Awards 2024

- 'Best Retail Payments System Implementation' – IBS Intelligence Global FinTech Innovation Awards 2024

- Best Anti-Money Laundering Technology Implementation' - The Asian Banker, Middle East and Africa Finance Awards 2024

Looking Ahead to 2025

CBD's 2024 success was driven by customer-centricity, financial discipline, and a commitment to innovation. As we move forward, we will continue backing our customers' ambitions by delivering seamless, digital-first banking solutions.

I remain confident in our leadership team's ability to drive sustainable growth, differentiate CBD in the market, and create value for our shareholders. Our unwavering focus on customer experience, digital transformation, and operational excellence will continue to set new benchmarks in the UAE banking sector.



"CBD has successfully executed our strategy, gained market share and delivered superior financial performance."

Finally, I extend my sincere appreciation to our Board for their guidance, our employees for their dedication, our shareholders for their continued support, and our clients for their trust in us.

Dr. Bernd van Linder
Chief Executive Officer



Our History

Established in 1969 by an Emiri Decree issued by His Highness the late Sheikh Rashid bin Saeed Al Maktoum, Commercial Bank of Dubai (CBD) started out as a joint venture between Commerzbank, Chase Manhattan Bank, and the Commercial Bank of Kuwait, and a minority stake held privately.

In 1982, CBD was transformed into a national shareholding company with a major operational restructuring and an increase in its capital base, marking a significant milestone in the bank's history, with the Government of Dubai becoming a major shareholder.

For over 50 years, CBD has stood at the forefront of the UAE›s banking sector, committed to empowering individuals, businesses, and institutions through comprehensive financial solutions.

As a full-service bank, CBD takes pride in delivering excellence across personal, business, Islamic, and institutional banking services. With a steadfast dedication to innovation and a customer-centric approach, CBD has become a pivotal driving force in the realisation of the UAE's goals.

Embracing diversity, integrity, and financial expertise, CBD stands as one of the UAE's leading banks, backing the nation's ambitions and contributing to its economic growth and prosperity.

CBD Purpose

Backing the Nation's Ambition

CBD Vision

To be the best bank for our customers

Awards

Middle East and Africa Finance Awards 2024 - The Asian Banker
- Best Mobile Banking Technology Implementation
- Best Anti-Money Laundering Technology Implementation

IBS Intelligence Global FinTech Innovation Awards 2024
- Most Effective Cybersecurity Deployment
- Best Retail Payments System Implementation
- Best Digital Channel/Platform Implementation
- Best Payment Hub/Wholesale Payments Implementation

Dubai Chamber of Commerce
- Environmental, Social, and Governance (ESG) Label

MEA Finance Leaders in Payments Awards 2024
- Best Instant Payments Technology Solution
- Best Innovation in Payments Technology

Middle East & Africa Retail Banking Innovation Awards 2024
- Credit Card of the Year – Co-branded
- Outstanding Machine Learning Initiative

The Achievement Awards
- Best Financial Green Bond in EMEA

Nafis Award
- Exceptional Efforts in the Field of Emiratisation - Bronze Category

MEA Finance Banking Technology Awards
- Best Innovation in Corporate Banking and Finance
- Best Branch Digitisation Implementation

MEED MENA Banking Excellence Awards
- Best Payment Innovation in MENA

Middle East Banking AI & Analytics Summit
- Best Use Case of AI Solutions

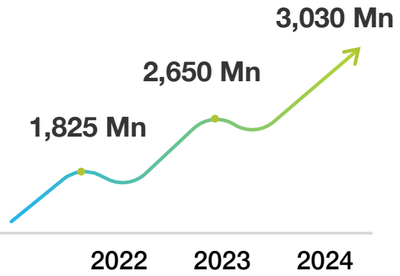


Key Financials

Net Profit (after-tax)

3,030 Mn

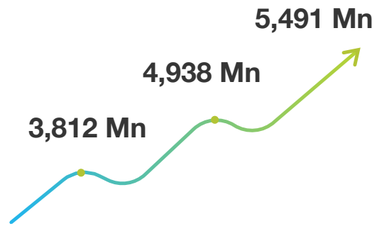
AED Mn



Operating Income

5,491 Mn

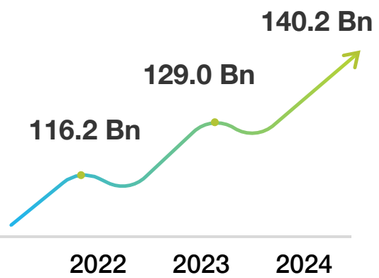
AED Mn



Total Assets

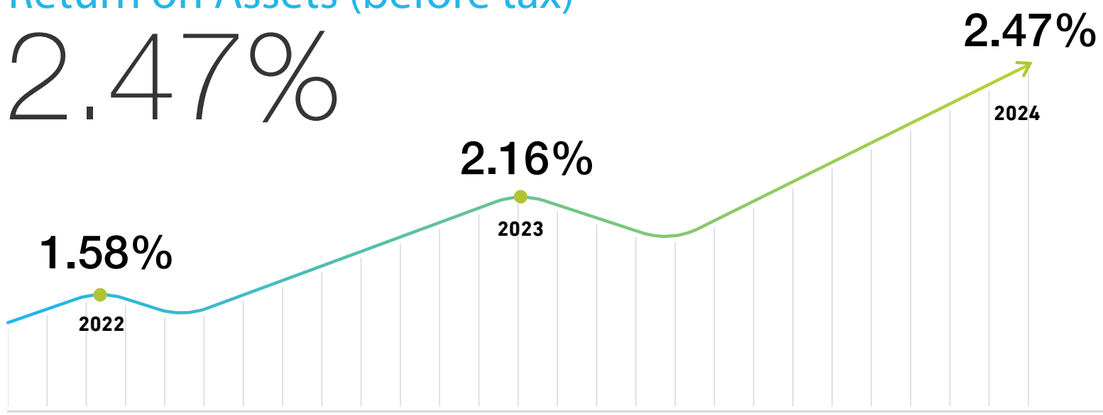
140.2 Bn

AED Bn



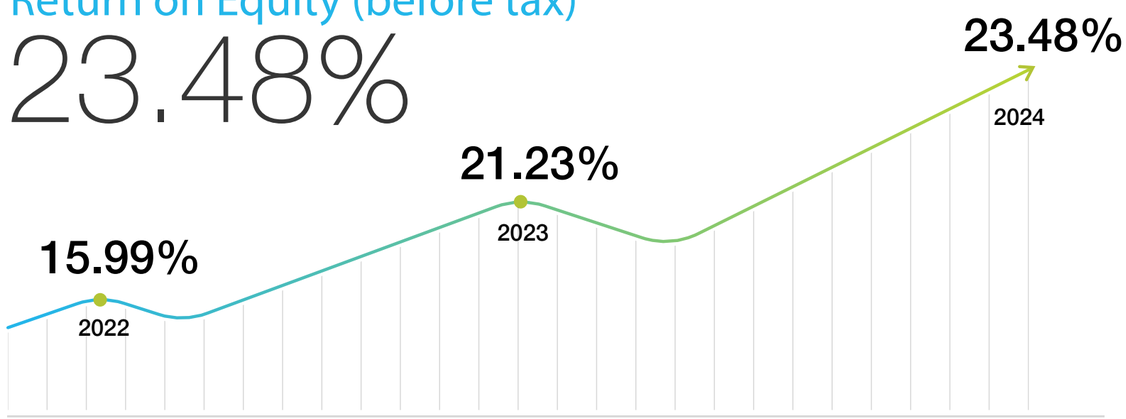
Return on Assets (before tax)

2.47%



Return on Equity (before tax)

23.48%



Board of Directors' Report

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Board of Directors' Report

Dear Shareholders,

On behalf of Commercial Bank of Dubai (CBD), we have the pleasure of presenting our report together with the audited consolidated financial statements for the year ended 31 December 2024.

The audited financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with relevant laws of the United Arab Emirates.

Financial Highlights

CBD delivered net profit before tax of AED 3,325 million for the year ended 31 December 2024, up 25.5% compared to the previous year (up 14.3% on a post-tax basis). Strong growth in loans during 2024 resulted in solid net interest income, which was supported by non-funded income and lower cost of risk which more than offset higher expenses and the corporate tax charge. High global interest rates contributed to the solid net interest income. The robust UAE economy and strong business activity was supported by sound economic incentives and population growth.

Business confidence remains positive with the ongoing expansion forecasted to continue in 2025 and beyond. The public sector strategic posture continues to inform strategic investments in infrastructure, economic diversification and focus on broad-based growth, with non-oil sectors expected to lead continued economic outperformance.

Net profit before tax was AED 3,325 million, up 25.5% versus the prior year on account of strong loan growth with higher revenues at outstanding returns and with significantly improved asset quality.

Operating income for the year ended 31 December 2024 was AED 5,491 million, up 11.2%, attributable to an increase in Net Interest Income (NII) by 6.4% and other operating income up 23.7%.

Operating expenses were AED 1,403 million, up by 14.3% with the increase primarily driven by inflation, investments in digitisation, technology, business growth, governance and regulatory compliance. The cost-to-income ratio remains market-leading at 25.56%.

Operating profit grew by 10.2% to AED 4,087 million.

Asset quality the non-performing loan (NPL) ratio decreased significantly to 4.35%, down from 6.46% at the end of 2023.

The net impairment loss was AED 762 million for the year ended 31 December 2024 (December 2023: AED 1,060 million). The coverage ratio increased by 2,097 bps to 104.23% (December 2023: 83.26%) and 138.75% inclusive of collateral for stage 3 loans (December 2023: 120.96%). As at 31 December 2024, total allowances for impairment (covering loans and advances and unfunded exposures) amounted to AED 5,504 million (December 2023: AED 5,766 million).

Total assets were AED 140.2 billion as at 31 December 2024, an increase of 8.7% compared to AED 129.0 billion as at 31 December 2023.

Net loans and advances were AED 93.0 billion, registering an increase of 11.7% compared to AED 83.3 billion as at 31 December 2023.

Customers' deposits were AED 97.6 billion as at 31 December 2024, representing an increase of 10.5% compared to AED 88.3 billion as at 31 December 2023. Low-cost current and savings accounts (CASA) constitute 49% of the total customer deposit base, while the loan-to-deposits ratio stood at 95.4%.

Income Statement (AED Million)	2024	2023	YoY Var
Net interest income	3,799	3,570	6.4%
Other operating income	1,692	1,368	23.7%
Total Income	**5,491**	**4,938**	**11.2%**
Operating Expenses	1,403	1,228	**14.3%**
Operating Profit	**4,087**	**3,710**	**10.2%**
Expected credit losses	762	1,060	(28.1%)
Net profit before tax	**3,325**	**2,650**	**25.5%**
Corporate tax expense	295	-	100.0%
Net profit	**3,030**	**2,650**	**14.3%**

Balance Sheet (AED Million)	2024	2023	YoY Var
Gross loans and advances	98,294	88,874	10.6%
Allowances for impairment	5,245	5,561	(5.7%)
Net loans and advances	**93,049**	**83,313**	**11.7%**
Total Assets	140,175	128,987	8.7%
Customer deposits	97,563	88,287	10.5%
Total Equity	17,425	15,781	10.4%

* The dividends are subject to the shareholders' approval at the Annual General Meeting.



The Bank's liquidity position remained robust with the advances to stable resources ratio at 86.58% as at 31 December 2024 (31 December 2023: 87.25%), compared to the Central Bank of the UAE maximum of 100%.

CBD's capital ratios were strong with the capital adequacy ratio (CAR) at 15.57%, Tier 1 ratio at 14.43% and Common Equity Tier 1 (CET1) ratio at 12.41%. All capital ratios were well above the minimum regulatory thresholds mandated by the UAE Central Bank.

Key ratios (%)	2024	2023	YoY Var (bps)
Return on equity (before tax)	23.48%	21.23%	225
Return on assets (before tax)	2.47%	2.16%	31
Cost to income ratio	25.56%	24.87%	69
Non-performing loans (NPL)	4.35%	6.46%	(211)
Provision Coverage	104.23%	83.26%	2,097
Loan-to-deposit ratio	95.37%	94.37%	100
Advances to stable resources	86.58%	87.25%	(67)
Capital adequacy ratio	15.57%	15.95%	(38)
Tier 1 ratio	14.43%	14.81%	(38)
CET 1 ratio	12.41%	12.54%	(13)

The Board of Directors has proposed a cash dividend of 50.74 fils per share for the year. The total proposed dividend is 50% of net profit.

Strategy

CBD's vision is driven by our purpose 'Backing the Nation's Ambition'.

In 2024, the Bank's total assets increased to AED 140 billion recording growth of 9% over 2023. Gross lending was higher by 11%, well above the overall UAE banking market. The lending growth enabled the Bank to achieve continued market share expansion, aligned with the Bank's strategy. The Bank's loan growth was particularly strong in retail mortgages and credit cards. Net profit was higher at AED 3.03 billion.

During the year, the Bank continued to deepen relationships with its core franchise customers, ensuring the Bank provides customer with all their banking needs. An important focus area remained Current and Savings Accounts (CASA) balances. As at 31 December 2024, CASA balances accounted for 49% of the total deposits.

The Bank continued expanding the Asset Backed Lending and Supply Chain Financing portfolio, which have grown impressively since their launch in 2021. In addition, the Bank launched dedicated accounts for Virtual Asset Service Providers (VASPs), aligning its strategic vision to support the digital economy. Furthermore, the Bank reaffirmed its commitments to sustainable finance solutions that back the UAE's Net Zero 2050 goals.

In 2024, the Bank further delivered on its Default Digital agenda, one of the core strategic pillars with the launch of several digital solutions whilst also supporting existing customers to better leverage the Bank's digital channels. For the year ended 31 December 2024, 96% of customers are registered for digital banking and there was a 78% increase in mobile banking transactions from March 2022. CBD received several high-profile industry recognitions, including the "Best Mobile Banking Technology Implementation" from The Asian Banker, Best Innovation in Corporate Banking and Finance and "Best Branch Digitisation Implementation" from MEA Finance Banking Technology Awards 2024, which affirmed the Bank's position as the bank of choice for all customer segments.

The Bank continued to invest in people in 2024 with a focus on Emiratisation and high-performance culture. During the year, the Bank welcomed over 101 new Emirati colleagues of which 33 UAE National Graduates were part of its Tumoo7 Management Trainee program, in collaboration with Emirates Institute of Finance – Ethraa and Future Tech Leaders. The Bank also ran several initiatives during the year focussed on physical, social and emotional health of its employees, helping to create a positive impact on their work and personal lives.

In 2025, the Bank forecasts to grow market share within its core business segments, increasing the number of customers and depth of activity with existing customers. The retail business had an outstanding year in 2024, and the Bank expects to continue growing predominantly in selected market segments with a focus on mortgages, credit cards and investment solutions, enabled by market leading digital offerings.

CBD's strong set of core values, Collaboration, Ownership, Delivery and Excellence (CODE) are embedded in its culture and will guide the Bank now and in the years ahead.



AED
140 Bn
Bank's total assets

AED
3.03 Bn
Bank's Net Profit (after-tax)



Market Overview

The global economy remained resilient and achieved steady growth in 2024 despite the geopolitical tensions. Central banks adopted varied interest rate policies to manage inflation and support recovery. The UAE stood out with strong economic performance, setting a positive tone for 2025.

Looking ahead, the IMF forecasts global GDP growth of 3.3% in 2025 and 2026, reflecting tighter fiscal policies and reduced consumer spending as the labour market cools. Where inflation is proving more sticky, central banks are moving more cautiously in the easing cycle while keeping a close eye on activity and labor market indicators as well as exchange rate movements. Monetary policy rates of major central banks are expected to continue to decline creating nuance between the US and other economies, at varying paces, reflecting differences in growth and inflation outlooks. Additionally, several macro-economic events could create extenuating circumstances in 2025. Global headline inflation is expected to decline to 4.2% in 2025 and to 3.5% in 2026, driven by lagged effects of restrictive monetary policies implemented in 2022 and 2023, softening labour markets. GDP growth forecast in advanced economies is projected to be at 1.9% in 2025 and 1.8% in 2026. In contrast, growth projections for emerging markets were 4.2% for both 2024 and 2025, while the GCC's real GDP growth is forecasted to remain strong, including for the UAE.

Overall, despite tight interest rate settings and potentially slowing global growth rates, 2025 is likely to support solid business activity and economic growth. The United Arab Emirates is expected to be one of the strongest areas of growth in the coming year.

More specifically the UAE is expected to continue to maintain broad based growth, with the CBUAE forecasting 4.5% GDP growth in 2025. Growth forecasts are driven by tourism, transportation, financial and insurance services, construction and real estate, and communications sectors. These forecasts are underpinned by solid population growth, strong domestic business activity and confidence, and a strong fiscal and trade position. Inflationary pressures are expected to moderate gradually. The UAE's prospects continue to be supported by start-ups, entrepreneurs, fintechs and investor activity as businesses continue to expand in a country considered stable and one in which it is easy to headquarter businesses. In December 2024, robust immigration moved Dubai's population above 3.81 million for the first time, while the Dubai Chamber of Commerce stated 51,000 new businesses were registered in the first nine months of the year, up from 30,000 in 2023. These trends have also helped lift the UAE's real estate market.

Dubai's GDP grew by 3.3% in the first six months of 2024, driven by enhanced performance of several vital sectors such as transportation and storage, electricity, gas, water and waste management, wholesale and retail trading, financial and insurance activities, accommodation and food services, real estate activities, professional, scientific and technical activities, education and manufacturing according to figures released by the Dubai Statistics Center.

The domestic economy appears well positioned for the year ahead. Strong trading conditions, economic activity, successful implementation of reforms, including diversification and faster-than-expected interest cuts in major advanced economies, could boost economic performance.

Wholesale Banking Group (WBG)

The Wholesale Banking Group (WBG) incorporates specialised segments that include both sector and geographical focussed relationship management teams covering the Bank's small, mid-size and large corporate customers, family offices as well as institutional customers.

Our relationship management teams are responsible for servicing customers in these segments with all their banking requirements by leveraging the Bank's diverse suite of products and cutting-edge digital capabilities.

The WBG team, in alignment with the Bank's strategy of backing the Nation's ambition, excelled across all performance parameters in 2024. This success was driven by extensive collaboration and deepening of our engagements with both existing and new to bank customers.

The Transaction Banking team, as part of WBG, witnessed significant enhancements to deliver on the Bank's strategy. In 2024, the bank made considerable strides in improving the export side of international trade finance to bring it into balance with the import business. Further, the open account value proposition was enriched by introducing structured products. Amongst the many digital initiatives, corporate internet banking and digital trade platforms were successfully deployed in 2024 to provide world class online banking experience to customers.

Under the Investment Banking vertical for CBD, the Loan Syndications and Debt Capital Markets business exhibited commendable performance in 2024, with CBD being entrusted with senior bookrunning roles for its corporate and institutional clients across the GCC. The portfolio also expanded beyond the GCC into other countries, assuming ancillary roles as coordinator, documentation bank, agency, and being mandated as the joint ESG coordinator.

CBD made significant progress in meeting its broader sustainable finance targets in support of the UAE Banking Federation's commitment to AED1 trillion in sustainable finance by 2030. This was achieved by backing our Wholesale Banking customers' sustainability ambitions and supporting their transition plans. During 2024, CBD also issued its first Green Bond report, highlighting a full allocation of green assets and more than 100,000 tonnes of CO2 in avoided emissions.

Throughout 2024, CBD embarked on a series of strategic initiatives to further improve our customers' banking journeys. Notable highlights include:

- **iBusiness:** The next generation of CBD's iBusiness platform. Enhanced innovation to the platform orientated around the user interface and experience, ensuring a more intuitive and user-friendly platform in addition to improving security by introducing biometric capabilities.

- **Digital Client Onboarding:** Building on the successful adoption of iBank launched in 2022, CBD delivered further business and regulatory enhancements. iBank has been enriched with additional customer solutions across Institutional and Corporate segments. iBank was also developed for regulatory enhancements across KYC, FATCA, CRS, Risk Scoring and Sanctions.

- **Banking on The Go:** CBD continued the focus on driving increased adoption of our award-winning Mobile App. As part of this programme, the Bank launched several campaigns to lift the number of users and transaction volumes. These campaigns yielded strong results across all segments as customers utilised the additional features available.

As a forward-thinking bank, we place our customers at the heart of our business, constantly striving to provide innovative solutions that meet customers' evolving needs. These initiatives align with our commitment to delivering a digital-first experience for our WBG customers by focusing on customer needs, embracing digital transformation, and addressing regulatory compliance.



The Group won several awards in 2024, a testament to the Bank's strategic focus:

Best Innovation in Corporate Banking and Finance - MEA Finance Banking Technology Awards 2024

Best Payment Innovation in MENA Award - MEED MENA Banking Excellence Awards 2024

Best Financial Institution Green Bond in EMEA - Award by EMEA Finance

Personal Banking Group (PBG)

PBG made notable contribution to the net profit, demonstrating a substantial year-on-year growth. This notable achievement was driven by a robust strategy centred on revenue growth and enhanced non-funded income, bolstered further by higher market interest rates. PBG has observed a consistent rise in operating profit, attributed to the increased Current Account and Savings Account (CASA) balances, loan growth, strengthened customer relationships, and continuous digitalisation initiatives. The growth in non-funded income was predominantly driven by account fees, foreign exchange (FX) transactions, and credit card spending.

The Bank's accelerated loan growth is primarily driven by market leading performance on home finance, credit cards and commercial loans (BAF loans). Liabilities have shown consistent growth across individual and SME segments.

PBG remains dedicated to supporting individuals and business customers in managing their finances with a comprehensive suite of award-winning products and services. Our offerings span both conventional and Sharia-compliant banking, ensuring that customers have access to financial solutions that meet their diverse needs. The Bank's unwavering commitment to driving digital innovation and to deliver excellence in customer service, is evident in our continuous efforts to enhance our digital platforms, making banking more accessible, efficient, and secure.

PBG has maintained its position as the leading digital retail bank in the UAE, leveraging a digital-first sales and service model. Remarkably, over 90% of new products in 2024 were sold through digital channels. The Bank continues to achieve notable progress in digital adoption, with more than 90% of its clientele utilising digital banking services.

The Group won several awards in 2024, a testament to the innovative products and services offered by the Bank:

Credit Card of the Year
Co-branded - Middle East & Africa Retail Banking Innovation Awards 2024

Best Branch Digitisation Implementation
MEA Finance Banking Technology Awards



CBD Al Islami

CBD Al Islami continued to support customers extending Sharia compliant products and services. Importantly, the Sharia Compliance function at CBD ensured that the Islamic window organisational structure upheld the three lines of defence, as mandated by the Sharia governance framework. The business complies with all regulatory requirements including the standard for Financial Institutions housing Islamic Windows, as issued by the CBUAE.

In line with the Bank strategy to embed ESG throughout the bank with a focus on green financing, CBD Al Islami collaborated on the first green financing transaction with Dubai World Central Corporation (DWCC).

Overall, the CBD Al Islami window had a successful financial year in 2024 and is well positioned for continued success into 2025 and beyond.

Our Technology refresh strategy helped to position the Bank as an early adopter of the CBUAE FIT programme

We introduced a next generation chatbot to further enhance the digital experience for customers

Digital and InformationTechnology

During 2024 the Bank continued to accelerate the digital transformation agenda contributing significant uplift to the existing digital platforms, including middle and back-office systems whilst launching customer centric digital solutions. The Bank's digital transformation continued to drive improved operational efficiency enhancing the overall customer experience.

As part of the digital drive, significant investments were made to further modernise the Bank's digital platforms. Revamped corporate and retail platforms, including both mobile and internet banking, were launched to deliver an enhanced experience for all customers. These projects included a comprehensive redesign of user journeys. In alignment with the CBUAE Financial Infrastructure Transformation (FIT) programme, an advanced Instant Payment Platform was integrated into the Bank's mobile app, enabling customers to instantly make real-time payments.

To further advance the digital agenda, the Trade Finance platform was redesigned to deliver further automation and streamlined workflow for the customer with automated processing. Additionally, the Bank's website underwent a complete refresh, and a next generation chatbot was introduced to further enhance the digital experience for customers. Projects were also initiated to redesign the user onboarding journeys, ensuring a seamless and consistent experience.

Providing a superior digital experience to our customer necessitates enhancements to the platforms used across the Bank. Improved systems and processes included a wide range of service and fulfilment systems such as advanced workflow systems, document management, risk decisioning and product capabilities.

High quality digital customer experiences require robust Application Programming Interfaces (API) infrastructure which enables agility in catering to digital demand from customers and external partners. Our Technology refresh strategy helped to position the Bank as an early adopter of the CBUAE FIT programme. CBUAE has classified CBD as one of the Tier A banks, which are invited to participate in the design and implementation of first phase use cases for Open Finance.

During the year, our Bank undertook several technology initiatives to support the 'Gold Standard' in terms of Compliance and Risk. Notably, platforms used in these disciplines were upgraded to best-in-class across the industry.

Leveraging the hybrid cloud smart principles, a programme was initiated to implement a private cloud which will significantly enhance security, scalability and cost-effectiveness, compared to the traditional physical only data centers. Investments were made to uplift the Bank's information security posture which protects the Bank from multiple Distributed Denial-of-Service (DDoS) and other security risks elevating CBD to become one of the most secure banks in the UAE.

The Group's achievements have continued to be widely recognised by multiple industry accolades, including:

Best Innovation in Payments Technology
MEA Finance Leaders in Payments Awards 2024

Best Instant Payment Technology Implementation
MEA Finance Leaders in Payments Awards 2024

Best Retail Payments System Implementation
IBSi Global FinTech Innovation Awards 2024

Most Effective Compliance & RegTech
IBSi Global FinTech Innovation Awards 2024

Most Effective Cybersecurity Deployment
IBSi Global FinTech Innovation Awards 2024

Excellence in FinTech
Finnovex awards 2024

Best Mobile Banking Technology Implementation
The Asian Banker

Best Anti Money Laundering Technology Implementation
The Asian Banker

Best Cyber Security & IT Risk Management Technology Implementation
The Asian Banker

These awards are the result of our relentless focus on enhancing the experience of our customers.

People

CBD continued to drive a high-performance culture and back our people by attracting the best talent, driving retention initiatives, and developing capabilities in line with the growth objectives of the Bank. Our people were supported by several ongoing business and digital transformation initiatives, bringing about positive organisational change.

Emiratisation efforts have continued as a strategic priority for the Bank, investing in UAE Nationals (UAEN) at all levels from graduate entry level and upwards, helping us to create a talent pipeline for the future, as well as appointing UAE Nationals in leadership and management positions.

The development of UAE Nationals has continued to be a focal point for the Bank year-on-year, in line with the ambitions of the UAE leadership and the directives of the CBD Management and Board. The Bank launched a second Technical Program (Tech TUMOO7) to further support the development of our future UAEN Tech leaders. The Bank has invested in professional certifications for the UAE National population as well as flagship development programs to develop targeted capabilities.

The Bank continued to utilise our employee engagement score to better gauge employee feedback and to develop the Bank's high performing culture. Feedback received from employees helps inform programs that the Bank will undertake to assist employees to perform their duties more effectively.

Employee wellbeing continues to be a top priority, with initiatives designed to support employees emotionally, financially, socially, and physically. The Sanad Employee Assistance Program (EAP) was launched to help employees navigate personal and professional challenges. Additionally, regular physical activities like 'Deskercise' and group fitness sessions are offered to promote a healthier lifestyle. Employees are also encouraged to participate in volunteering activities, reinforcing social wellbeing and community engagement.

150
Employees
were recognised in 2024 through initiatives

Learning and Development remained at the heart of our people priorities with a focus on professional certifications and digital upskilling. The Bank launched a new learning experience platform FLEX (Future Learning Experience). This is a cutting-edge learning platform that utilises artificial intelligence and personalisation to deliver tailored learning content based on an individual's needs, development areas, and skills-based learning objectives.

Collaboration with the Emirates Institute of Finance (EIF) has also expanded, offering training on Compliance, Risk Management, MIS, Artificial Intelligence, and Machine Learning. All employees successfully completed mandatory learning obligations, further underscoring the Bank's dedication to professional growth.



Our people were supported by several ongoing business and digital transformation initiatives, bringing about positive organisational change.

The Bank continues to drive a high-performance culture by recognising individuals, teams, and line managers who embody CODE values and deliver exceptional customer service. Nearly 150 employees were recognised in 2024 through initiatives such as CODE and Spot Awards, reinforcing the importance of celebrating excellence.



Corporate Social Responsibility (CSR)

CBD remains committed to its role in the community as a responsible corporate citizen, underpinned by our belief that businesses must operate ethically and with integrity. Our core pillars for CSR are unchanged and we continue to identify areas where the Bank can contribute to society in the fields of health, education, charity, and financial literacy.

We joined Emirates Red Crescent in its 'Bridges of Giving Campaign'. We contributed by volunteering as well as financially. CBD Volunteers, along with their families, joined in packing the donated items for those affected by the earthquake, over a period of two days, accumulating to over 200 volunteering hours. CBD employees also made significant financial donations, which were matched by the Bank.

On the occasion of Zayed Humanitarian Day, which honours the legacy of the late Sheikh Zayed, CBD donated to 33 charitable, educational, research, training and rehabilitation centres for people of determination across UAE. In an effort to embrace the spirit of giving during the holy month of Ramadan, and as part of our continued partnership with Beit Al Kahir Society, the CSR team organised a volunteering programme to distribute Iftar meal boxes during Ramadan, accumulating 180 volunteering hours. The initiative provided a great opportunity for CBD volunteers to experience the spirit of Ramadan and give back to the community. CBD was also recognised and awarded by our partner Beit Al Khair Society for our continuous support. Additionally, the Dubai Club for People of determination invited CBD to the Ramadan festival closing ceremony and was recognised and awarded by the club.

We are delighted to share that the CBD Volunteering Club arranged several volunteering opportunities at the Dubai Club for People of Determination. These impactful sessions included supervising workshops as well as coaching and leading sessions. Over 40 volunteers participated, accumulating for a total of 200 volunteering hours achieved in this opportunity.

CBD was engaged in various charitable activities and sponsorships, in line with the CSR framework. The Bank supported the involvement of its employees in such activities through volunteering programmes. The CBD volunteers Club arranged several volunteering opportunities including an outing with al Noor Training Centre, a visit to the Elderly Centre volunteering with Dubai Centre for Special Needs and visit to Al Jalila Children's Hospital to brighten the day of the wonderful children.

Over 50 CBD employees and their families joined thousands of volunteers from all over the city, in the 'Tarahum for Gaza' campaign, a UAE initiative aimed at providing relief to those affected by the conflict in Gaza.

Remarkably, CBD Volunteers Club has achieved a total of 1,800 volunteering hours accomplished by 101 enthusiastic volunteers from different areas of the Bank. Volunteers participated in various successful events aimed at giving back to the community.

CBD continued its 28-year-old partnership with Jabel Ali Racecourse sponsoring eight races in 2024 as part of CBD's support to UAE's Culture and Sports Heritage.

Financial Statements & Notes

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"The audited Consolidated Financial Statements are subject to adoption by Shareholders at the Annual General Meeting".



Deloitte.

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INDEPENDENT AUDITOR'S REPORT

The Shareholders
Commercial Bank of Dubai PSC
Dubai
United Arab Emirates

Report on the Audit of the Consolidated Financial Statements

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Akbar Ahmad (1141), Cynthia Corby (995), Faeza Sohawon (5508), Firas Anabtawi (5482), Georges Najem (809), Jazala Hamad (1267), Mohammad Jallad (1164), Mohammad Khamees Al Tah (717), Musa Ramahi (872), Mutasem M. Dajani (726), Nurani Subramanian Sundar (5540), Obada Alkowatly (1056) and Rama Padmanabha Acharya (701) are registered practicing auditors with the UAE Ministry of Economy.

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Commercial Bank of Dubai PSC (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of loans and advances and Islamic financing	
As described in note 9 to the financial statements, the Group had loans and advances, which comprise, Loans and advances to customers and Islamic financing, of AED 93,049 million as at 31 December 2024 representing 66.4% of total assets. The expected credit loss ("ECL") allowance was AED 5,245 million as at this date, which comprises of an allowance of AED 1,318 million against Stage 1 and 2 exposures and an allowance of AED 3,927 million against exposures classified under Stage 3. The determination of the Group's expected credit losses for loans and advances to customers measured at amortised cost is a material and complex estimate requiring significant management judgement in the evaluation of credit quality and the estimation of inherent losses in the portfolio. Accordingly this is considered a key audit matter. The financial statement risk arises from several aspects requiring substantial judgement of management for corporate portfolios, such as the estimation of probabilities of default and loss given defaults for various stages such as the determination of significant increases in credit risk (SICR) and credit-impairment status (default), the use of different modelling techniques and consideration of manual adjustments. The measurement of ECL for exposures classified as Stage 1 and Stage 2 are carried out collectively by the ECL models with limited manual intervention or overrides. It is important that these ECL models and their parameters (Probability of Default ("PD"), Loss Given Default ("LGD"), Exposure At Default ("EAD") and macroeconomic adjustments) are valid throughout the reporting period and are subject to a validation/monitoring process by an independent reviewer. However, the accuracy of the results produced from these ECL models is dependent on using reasonable parameters and up to date inputs (to PD, LGD, EAD and macroeconomic adjustments) which are relevant for the reporting period and subject to timely validation process.	We performed the following audit procedures on the computation and reasonableness/ appropriateness of the ECL included in the Group's consolidated financial statements for the year ended 31 December 2024: We obtained a detailed business process understanding of the Group's loans and advances measured at amortised cost including a review of the post model adjustments and management overlays in order to assess these adjustments. We have involved our subject matter experts to assist us in auditing the ECL models as at 31 December 2024. We assessed the relevant controls in the abovementioned business process understanding to determine if they were appropriately designed and implemented. We understood and evaluated the theoretical soundness of the ECL model by involving our subject matter experts to assess its compliance with the requirements of IFRS Accounting Standards. We tested the mathematical integrity of the ECL model by performing recalculations, on a sample basis. We assessed the various inputs and assumptions used by management to determine ECL. For allowance against exposures classified as Stage 1 and Stage 2, we obtained an understanding of the Group's methodology to determine the allowance, assessed the reasonableness of the underlying assumptions. We assessed the Group's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages. For a sample of exposures, we assessed the Group's application of the staging criteria, including the basis for movement between stages. We also challenged key assumptions, evaluated the calculation methodology and traced a sample of inputs back to source data. We selected samples of loans and advances measured at amortised cost and assessed the accuracy of the EAD, the appropriateness of the Probability of Default ("PD") and the calculation of the Loss Given Default ("LGD") used by management in their ECL calculations.

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Commercial Bank of Dubai PSC (continued)

Key Audit Matters (continued)

Allowance for expected credit losses relating to loans and advances and Islamic financing	
The exposures are classified as impaired as soon as there is doubt about the borrower's ability to meet payment obligations to the Group in accordance with the original contractual terms. Impaired loans and advances at amortised cost for corporate portfolio are measured on the basis of the present value of estimated future cash flows (which in the case of stage 3 exposures also includes an assessment of the fair value and recoverability of the collaterals). The impairment loss is calculated based on the shortfall between the carrying value of loans and advances at amortised cost compared to the net present value of future estimated cash flows discounted using the original effective interest rate. The factors considered when determining impairment losses on individually assessed impaired accounts include the borrower's aggregate borrowings, risk rating, value of the collateral and probability of successful repossession and costs involved to recover the debts. For further information on this key audit matter, refer to notes 3 and 9 to the consolidated financial statements.	For exposures determined to be individually impaired we tested, on a sample basis, management's assessment of the future cash flows, and assessed the resultant allowance calculations. Further, we challenged the estimates and assumptions used by management such as estimated credit risk mitigation, recoverability of the individually impaired exposures by testing the enforceability and valuation of underlying collaterals and estimated recovery on default. We also assessed the consistency of the Group's application of its policy relating to the determination of ECL allowances. We also assessed disclosures in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards.
IT systems and controls over financial reporting	
We identified IT systems and controls over the Group's financial reporting as an area of focus due to the extensive volume and variety of transactions which are processed daily by the Bank and rely on the effective operation of automated and IT dependent manual controls. There is a risk that automated accounting procedures and related internal controls are not accurately designed and operating effectively. In particular, the incorporated relevant controls are essential to limit the potential for fraud and error as a result of changes to an application or underlying data.	Our audit approach relies on automated controls and therefore the following procedures were designed to test access and control over the relevant IT systems: We obtained an understanding of the applications relevant to the financial reporting business process and the IT infrastructure supporting those applications. We tested the general IT controls relevant to the identified automated controls and the Information Produced by the Entity (IPE) by covering access security, program changes, data centre and network operations. We examined certain Information Produced by Entity (IPE) used in the financial reporting process from relevant applications and key controls over their report logics. We performed testing on the relevant automated controls for key IT applications relevant to the financial reporting business processes.

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Commercial Bank of Dubai PSC (continued)

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report of the Group, but does not include the consolidated financial statements and our auditor's report thereon. We obtained Board of Directors' report prior to the date of this auditor's report, and the remaining sections of the annual report are expected to be made available to us after that date.

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

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

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

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

Other matter

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with applicable provisions of UAE Federal Decree law no 32 of 2021, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal controls.

Independent auditor's report

To the Shareholders of Commercial Bank of Dubai PSC

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Commercial Bank of Dubai PSC (continued)

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

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units with the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Independent auditor's report

To the Shareholders of Commercial Bank of Dubai PSC (continued)

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Commercial Bank of Dubai PSC (continued)

Report on Other Legal and Regulatory Requirements

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

- We have obtained all the information we considered necessary for the purposes of our audit;
- The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (32) of 2021;
- The Group has maintained proper books of account;
- The financial information included in the Directors' report is consistent with the books of account and records of the Group;
- Note 10 to the consolidated financial statements discloses the Group's purchases or investments in shares during the year ended 31 December 2024;
- Note 33 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted and principles of managing conflict of interest;
- 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 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
- Note 24 to the consolidated financial statements of the Group discloses social contributions made during the year ended 31 December 2024.

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

Deloitte & Touche (M.E.)



Musa Ramahi
Registration No. 872
29 January 2025
Dubai
United Arab Emirates

Group consolidated statement of financial position

For the year ended 31 December 2024

	Notes	2024 AED'000	2023 AED'000
ASSETS			
Cash and balances with Central Bank	7	**16,937,638**	15,009,602
Due from banks, net	8	**5,162,042**	3,772,709
Loans and advances and Islamic financing, net	9	**93,048,595**	83,313,306
Investment securities, net	10	**14,590,424**	15,098,729
Investment in an associate	11	**118,278**	102,390
Investment properties	12	**241,124**	246,050
Property and equipment	13	**589,765**	431,843
Bankers acceptances		**6,930,361**	7,931,518
Positive mark to market value of derivatives	31	**584,760**	697,872
Other assets, net	14	**1,972,331**	2,383,472
TOTAL ASSETS		**140,175,318**	128,987,491
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks	15	**7,542,023**	7,833,389
Customer deposits and Islamic customer deposits	16	**97,563,467**	88,287,145
Notes and medium term borrowings	17	**6,918,163**	5,705,456
Due for trade acceptances		**6,930,361**	7,931,518
Negative mark to market value of derivatives	31	**521,395**	634,707
Other liabilities	18	**3,275,300**	2,813,919
TOTAL LIABILITIES		**122,750,709**	113,206,134
EQUITY			
Share capital	19.1	**2,985,192**	2,985,192
Tier 1 capital notes	19.2	**2,203,800**	2,203,800
Legal and statutory reserve	19.3	**1,492,596**	1,492,596
General reserve	19.4	**1,328,025**	1,328,025
Capital reserve	19.5	**38,638**	38,638
Fair value reserve	19.6	**(450,832)**	(552,325)
Retained earnings		**9,827,190**	8,285,431
TOTAL EQUITY		**17,424,609**	15,781,357
TOTAL LIABILITIES AND EQUITY		**140,175,318**	128,987,491

To the best of our knowledge, the Group's consolidated financial information presented fairly in all material respects the financial condition, results of operation and cash flows of the Group as of, and for, the years presented herein.

The Group's consolidated financial statements were approved and authorized for issue by the Board of Directors on 29 January 2025.

The attached notes from 1 to 39 form part of the Group's consolidated financial statements.

The independent auditor's report on the Group consolidated financial statements is set out on pages 20 to 22.

H.E. Ahmad Abdulkarim Mohammad Julfar
Chairman

Dr. Bernd van Linder
Chief Executive Officer

Group consolidated statement of profit or loss

For the year ended 31 December 2024

	Notes	2024 AED'000	2023 AED'000
Interest income	20	**6,622,018**	5,901,253
Interest expense	21	**(3,097,365)**	(2,629,459)
Net interest income		**3,524,653**	3,271,794
Income from Islamic financing	20	**921,895**	762,316
Profit distribution on Islamic deposits	21	**(647,581)**	(464,421)
Net income from Islamic financing		**274,314**	297,895
Total net interest income and net income from Islamic financing		**3,798,967**	3,569,689
Fees and commission income	22	**1,471,889**	1,229,088
Fees and commission expense	22	**(356,979)**	(294,438)
Net fees and commission income	22	**1,114,910**	934,650
Other operating income	23	**576,931**	433,588
Total operating income		**5,490,808**	4,937,927
Operating expenses	24	**(1,403,478)**	(1,227,849)
Operating profit before impairment		**4,087,330**	3,710,078
Net impairment loss	25	**(762,182)**	(1,060,012)
Profit for the year before income tax expense		**3,325,148**	2,650,066
Income tax expense	37	**(295,367)**	-
Net profit for the year		**3,029,781**	2,650,066
Basic and diluted earnings per share	27	**AED 0.97**	AED 0.84

The attached notes from 1 to 39 form part of the Group's consolidated financial statements.

The independent auditor's report on the Group consolidated financial statements is set out on pages 20 to 22.

Group consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2024

	Notes	2024 AED'000	2023 AED'000
Net profit for the year		**3,029,781**	2,650,066
Items that will not be reclassified to profit or loss:			
Realised (loss) /gain on sale of equity investments held at FVOCI		**(5,176)**	438
Net change in fair value of equity investments (or instruments) at FVOCI		**9,621**	(14,240)
Actuarial gain / (loss) on retirement benefits obligations	18	**2,537**	(1,623)
Tax related	37	**(628)**	-
Items that may be subsequently reclassified to profit or loss:			
Changes in fair value reserve of property	19.6	**(28,285)**	(12,741)
Changes in fair value reserve of an associate		**1,235**	190
Net amount transferred (or reclassified) to profit or loss on debt investments (or instruments) at FVOCI		**(951)**	(705)
Net change in fair value of debt investments (or instruments) at FVOCI		**117,964**	170,626
		89,963	157,370
Other comprehensive income for the year, net of tax		**96,317**	141,945
Total comprehensive income for the year		**3,126,098**	2,792,011

The attached notes from 1 to 39 form part of the Group's consolidated financial statements.

The independent auditor's report on the Group consolidated financial statements is set out on pages 20 to 22.

Group consolidated statement of changes in equity

For the year ended 31 December 2024

	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
Balances 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 year	**-**	**-**	**-**	**-**	**-**	**-**	**3,029,781**	**3,029,781**
Other comprehensive income for the year, net of tax	**-**	**-**	**-**	**-**	**-**	**101,493**	**(5,176)**	**96,317**
Transactions recorded directly in equity								
Interest on Tier 1 capital notes	**-**	**-**	**-**	**-**	**-**	**-**	**(132,228)**	**(132,228)**
Cash dividend paid for 2023 (44.38%)	**-**	**-**	**-**	**-**	**-**	**-**	**(1,324,828)**	**(1,324,828)**
Directors' remuneration paid for 2023	**-**	**-**	**-**	**-**	**-**	**-**	**(23,000)**	**(23,000)**
Share of Directors' remuneration of an associate	**-**	**-**	**-**	**-**	**-**	**-**	**(1,212)**	**(1,212)**
Other reserves	**-**	**-**	**-**	**-**	**-**	**-**	**(1,578)**	**(1,578)**
Balances as at 31 December 2024	**2,985,192**	2,203,800	**1,492,596**	**1,328,025**	**38,638**	**(450,832)**	**9,827,190**	**17,424,609**
Balances as at 1 January 2023	2,802,734	2,203,800	1,401,447	1,328,025	38,638	(693,832)	6,801,434	13,882,246
Net profit for the year	-	-	-	-	-	-	2,650,066	2,650,066
Other comprehensive income for the year, net of tax	-	-	-	-	-	141,507	438	141,945
Transactions recorded directly in equity								
Interest on Tier 1 capital notes	-	-	-	-	-	-	(132,228)	(132,228)
Bonus shares for 2022 (6.51%)	182,458	-	-	-	-	-	(182,458)	-
Cash dividend paid for 2022 (26.05%)	-	-	-	-	-	-	(730,112)	(730,112)
Directors' remuneration paid for 2022	-	-	-	-	-	-	(23,000)	(23,000)
Transfer to legal and statutory reserve	-	-	91,149	-	-		(91,149)	-
Share of Directors' remuneration of an associate	-	-	-	-	-	-	(866)	(866)
Other reserves	-	-	-	-	-	-	(6,694)	(6,694)
Balances as at 31 December 2023	2,985,192	2,203,800	1,492,596	1,328,025	38,638	(552,325)	8,285,431	15,781,357

The attached notes from 1 to 39 form part of the Group's consolidated financial statements.

The independent auditor's report on the Group consolidated financial statements is set out on pages 20 to 22.

Group consolidated statement of cash flows

For the year ended 31 December 2024

	Notes	2024 AED'000	2023 AED'000
OPERATING ACTIVITIES			
Profit for the year before income tax expense		**3,325,148**	2,650,066
Adjustments for non-cash and other items:			
Depreciation and amortisation	24	**61,014**	49,409
Amortisation of discount on investments		**(336,921)**	(213,185)
Amortisation of transaction cost on notes and medium term borrowings	17	**617**	970
Loss / (gain) on foreign exchange translation		**13,952**	(8,761)
Realised gains on sale of investments		**(951)**	(705)
Net unrealized (gains) / losses on derivatives		**(200)**	36,260
Revaluation loss on investment properties		**4,926**	-
Other income		**(22,518)**	(16,803)
Dividend income	23	**(9,758)**	(9,758)
Impairment allowance on investment securities	25	**6**	810
Impairment allowance on loans and advances and Islamic financing	25	**875,046**	1,000,388
Impairment allowance on due from banks	25	**1,295**	571
Impairment allowance on other assets	25	**29,682**	147,721
Impairment allowance on financial guarantees and loans commitments	25	**113,343**	92,565
Loss / (gain) on disposal of property and equipment		**894**	(113)
		4,055,575	3,729,435
Increase in negotiable Central Bank UAE certificate of deposits with original maturity of more than three months		**(300,000)**	(250,000)
Increase in due from banks with original maturity of more than three months		**(655,923)**	(1,580,831)
Increase in loans and advances and Islamic financing		**(10,610,335)**	(9,593,577)
Decrease in other assets		**351,552**	295,556
Decrease in due to banks		**(291,366)**	(5,315)
Increase in customer deposits and Islamic customer deposits		**9,274,744**	7,206,072
Increase in other liabilities		**54,770**	856,407
Directors' remuneration paid		**(23,000)**	(23,000)
Other taxes Paid		**(191)**	-
Net cash flow generated from operating activities		**1,855,826**	634,747

Group consolidated statement of cash flows

For the year ended 31 December 2024

	Notes	2024 AED'000	2023 AED'000
INVESTING ACTIVITIES			
Purchase of investments		**(13,095,416)**	(14,889,652)
Proceeds from sold and matured investments		**14,050,716**	8,977,864
Purchase of property and equipment	13	**(221,226)**	(122,825)
Proceeds from sale of property and equipment		**1,396**	443
Dividend income received		**16,411**	16,411
Net cash flow generated from / (used in) investing activities		**751,881**	(6,017,759)
FINANCING ACTIVITIES			
Issuance and repayment of notes and medium term borrowings	**17**	**1,212,090**	3,670,467
Interest on Tier 1 capital notes		**(132,228)**	(132,228)
Dividend paid		**(1,324,828)**	(730,112)
Net cash flow (used in) / generated from financing activities		**(244,966)**	2,808,127
Net increase / (decrease) in cash and cash equivalents		**2,362,741**	(2,574,885)
Cash and cash equivalents at 1 January		**15,416,916**	17,991,801
Cash and cash equivalents at end of the year	28	**17,779,657**	15,416,916
Supplemental disclosure:			
Interest income and income from Islamic financing received		**7,582,561**	6,428,974
Interest expense and distributions to Islamic depositors paid		**3,683,280**	2,577,000

The attached notes from 1 to 39 form part of the Group's consolidated financial statements.

The independent auditor's report on the Group consolidated financial statements is set out on pages 20 to 22.

Notes to the Group consolidated financial statements

For the year ended 31 December 2024

1. LEGAL STATUS AND ACTIVITIES

Commercial Bank of Dubai PSC ("the Bank") was incorporated in Dubai, United Arab Emirates (UAE) 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 consolidated financial statements for the year ended 31 December 2024 comprise the results of the Bank, its wholly-owned subsidiaries (together referred to as "the Group") and the Group's interest in an associate.

Details about subsidiaries, special purpose entities and an associate:

Name of Subsidiary	Ownership Interest		County of Incorporation	Principle activities
	31 Dec 2024	31 Dec 2023		
Subsidiary CBD Financial Services LLC	100%	100%	UAE	Providing brokerage facilities for local shares and bonds.
CBD Employment Services One Person Company LLC[1]	0%	100%	UAE	Supply of manpower services.
Attijari Properties LLC	100%	100%	UAE	Self-owned property management services as well as buying and selling of real estate.
Noor Almethaq Real Estate Development LLC[1]	0%	100%	UAE	Development of real estate.
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.
CBD Digital Lab Limited [Subsidiary of VS 1897 (Cayman) Limited]	100%	100%	UAE	Technology research and development.
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.

[1]CBD Employment Services One Person Company LLC and Noor Almethaq Real Estate Development LLC were liquidated during the year and as a result their trade licenses were cancelled from the commercial register of The Department of Economy & Tourism in Dubai.

Notes to the Group consolidated financial statements

For the year ended 31 December 2024

2. BASIS OF PREPARATION

2.1 Statement of compliance

These Group consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with relevant laws of the UAE.

As required by the UAE Securities and Commodities Authority (SCA) notification number 85/2009 dated January 6, 2009, the Group's exposure in cash and balances with Central Bank of the UAE, Due from Banks and Investment Securities outside the UAE have been presented under the respective notes.

2.2 Functional and presentation currency

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

2.3 Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity are disclosed in note 4.

2.4 Basis of measurement

These Group's consolidated financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value through profit or loss (FVPL);
- financial instruments classified as fair value through profit or loss;
- financial assets at fair value through other comprehensive income;
- recognised financial assets and financial liabilities that are hedged items in a fair value hedge transaction are measured at fair value in respect of the risk that is hedged. Amortised cost is adjusted for hedging gain or loss;
- investment properties;
- end of service benefits that are measured at the present value of the defined benefit obligation;
- granted land, which is stated at the market value at the date of grant.

2.5 Basis of consolidation

These Group's consolidated financial statements comprise the financial statements of the Bank and its subsidiaries. Subsidiaries are entities controlled by the Group.

i. Business Combination

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.

ii. Subsidiary

The Group controls an investee if and only if the Group has:

- Power over the investee (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 Group has less than a majority of the voting or similar rights of an investee, the Group 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 Group's voting rights and potential voting rights.

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interest (NCI). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the cumulative translation differences recorded in equity;
- Derecognises the carrying amount of any non-controlling interest;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;

2. BASIS OF PREPARATION (Cont'd)

2.5 Basis of consolidation (Cont'd)

ii. Subsidiary (Cont'd)

- Recognises any gain or loss in the consolidated statement of profit or loss; and
- Reclassifies the parent's share of components previously recognised in consolidated OCI to consolidated statement of profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

When the Group loses control of a subsidiary, a gain or loss is recognised in the consolidated statement of profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest, and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary, and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

iii. Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of profit or loss.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Share of profit or loss of an associate'.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of profit or loss.

Management reviews its share of investments in associates to assess impairment on a regular basis. In determining the assessment, management compares the recoverable amount with the carrying value of the investment. Estimating recoverable amount using value in use requires the Group to make an estimate of the expected future cash flows from the associates and choosing a suitable discount rate in order to calculate the present value of those cash flows.

iv. Transactions eliminated on consolidation

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

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all the years presented in these consolidated financial statements, except for the accounting standards mentioned in note 5.1 which are applied for the first time.

3.1 Financial Instruments

a) Recognition and initial measurement

A financial instrument is any contract that gives rise to both a financial asset for the Group and a financial liability or equity instrument for another party or vice versa.

The Group initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis, which is the date on which the Group becomes a party to the contractual provisions of the instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. Recognised financial assets and financial liabilities are initially

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

3. MATERIAL ACCOUNTING POLICIES (Cont'd)

3.1 Financial Instruments (Cont'd)

a) Recognition and initial measurement (Cont'd)

measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVPL) are added to or deducted from the fair value of the financial assets or financial liabilities respectively, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issue of financial assets are amortised over the expected life of the financial instrument or a shorter period if it relates to the expected period of the costs. Transaction costs related to financial liabilities are recognized immediately in the consolidated statement of profit or loss.

If the transaction price differs from fair value at initial recognition, the Group accounts for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in consolidated statement of profit or loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value is adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss is deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss is released to consolidated statement of profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

b) Fair Value measurement

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

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

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

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

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

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments – e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure – are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio. The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The fair value of investments in mutual funds, private equity funds or similar investment vehicles are based on the last net asset value published by the fund manager. For other investments, a reasonable estimate of the fair value is determined by reference to the price of recent market transactions involving similar investments, are based on the expected discounted cash flows.

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 valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

c) Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, which reflects the significance of inputs used in making the measurements:

3. MATERIAL ACCOUNTING POLICIES (Cont'd)

3.1 Financial Instruments (Cont'd)

c) Fair value hierarchy (Cont'd)

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.

The hierarchy used by the Group is set out in note 6.2.

The fair value of a financial instrument is the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction in the principal market at the measurement date under current market conditions (i.e., an exit price). Unadjusted quoted prices in active markets provide the best evidence of fair value. When there is no quoted price in an active market, the Group applies other valuation techniques that maximize the use of relevant observable inputs and that minimize the use of unobservable inputs. Such valuation techniques include the following: using information available from recent market transactions, referring to the current fair value of a comparable financial instrument, applying discounted cash flow analysis, applying option pricing models, or relying on any other valuation technique that is commonly used by market participants and has proven to yield reliable estimates.

For over-the-counter (OTC) derivative financial instruments, fair value is determined using well established valuation techniques that incorporate assumptions based primarily on observable market inputs such as current market prices and the contractual prices of the underlying instruments, the time value of money, interest rate yield curves, credit curves, currency rates as well as price and rate volatility factors.

As at 31 December 2024, the fair value of investment properties is based on the valuations performed by third party valuers and all are level 3 under fair value hierarchy. The valuations are carried out by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment properties being valued. The valuations were based on income (investment) and a market-based method of valuation. To value the investment properties, the existing rental income and estimated market rental income are used. Any significant movement in the assumptions used for the fair valuation of investment properties such as yield, rental growth, vacancy rate is expected to result in significantly lower / higher fair value of these assets.

The Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.1.1 Financial assets

a) Classification

The Group classifies financial assets on initial recognition in the following categories:

i. Amortised cost;

ii. Fair value through other comprehensive income (FVOCI); and

iii. 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:

- 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;

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

3. MATERIAL ACCOUNTING POLICIES (Cont'd)

3.1 Financial Instruments (Cont'd)

3.1.1 Financial assets (Cont'd)

a) Classification (Cont'd)

- 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 periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets 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 (SPPI), 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).

The Group holds a portfolio of long-term fixed-rate loans for which the Group has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Group has determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Non-recourse

In some cases, loans made by the Group that are secured by collateral of the borrower's limit the Group's claim to cash flows of the underlying collateral (non-recourse loans). The Group applies judgement in assessing whether the non-recourse loans meet the SPPI criterion. The Group typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the Group's risk of loss on the asset relative to a full-recourse loan;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- whether the Group will benefit from any upside from the underlying assets.

i. Financial assets at amortised cost

A debt instrument, including loans and advances and Islamic financing asset is classified as being measured at amortised cost if it meets both of the following conditions and is not designated as FVPL:

- the asset is held within a business model whose objective is to hold financial 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 SPPI on the principal amount outstanding.

ii. Financial assets at fair value through other comprehensive income (FVOCI)

A debt instrument is classified as being measured at FVOCI if it meets the following two conditions and the debt instrument is not designated at FVPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

3. MATERIAL ACCOUNTING POLICIES (Cont'd)

3.1 Financial Instruments (Cont'd)

3.1.1 Financial assets (Cont'd)

a) Classification (Cont'd)

ii. Financial assets at fair value through other comprehensive income (FVOCI) (Cont'd)

- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

The Group measures all equity investments at FVPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are not held for trading. This election is made on an investment-by-investment basis.

iii. Financial assets at fair value through profit or loss (FVPL)

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL.

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

b) Subsequent measurement

The Group measures financial instruments, such as derivatives and investments in equity and certain fixed income instruments, at fair value at each reporting date.

Financial asset classified as at FVOCI or FVPL are subsequently measured at fair value. Financial assets not carried at fair value are subsequently measured at amortised cost using the effective interest method, less expected credit allowances.

c) Reclassifications

Financial assets are not reclassified subsequent to their initial recognition except in the period after the Group changes its business model for managing financial assets. If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets. During the current and previous financial year there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on 'Modification of financial assets' and 'Derecognition of financial assets' described in note 3.1.1 (g) and 3.1.1 (h) respectively.

d) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in consolidated statement of profit or loss in the 'other operating income / (loss)' line item;
- for debt instruments measured at FVOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in the consolidated statement of profit or loss in the 'other operating income / (loss)' line item. Other exchange differences are recognised in OCI in the investments revaluation reserve;
- for financial assets measured at FVPL that are not part of a designated hedge accounting relationship, exchange differences are recognised in consolidated statement of profit or loss in 'other operating income / (loss)';
- for equity instruments measured at FVOCI, exchange differences are recognised in OCI in the investments revaluation reserve; and
- Non-monetary assets and liabilities denominated in foreign currencies that are measured at FVPL are retranslated into the functional currency (AED) at the foreign exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

e) 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.

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

3. MATERIAL ACCOUNTING POLICIES (Cont'd)

3.1 Financial Instruments (Cont'd)

3.1.1 Financial assets (Cont'd)

e) Impairment of financial assets (Cont'd)

Stage 2: When a financial instruments 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.

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 EAD 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.

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

- instrument type;
- credit risk grading;
- collateral type;
- loan to value ratio for retail exposure;
- date of initial recognition;
- remaining term of maturity;
- industry; and
- geography location of the borrower.

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

Notes to the Group consolidated financial statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES (Cont'd)

3.1 Financial Instruments (Cont'd)

3.1.1 Financial assets (Cont'd)

e) Impairment of financial assets (Cont'd)

Restructured financial assets

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

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

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities carried at FVOCI 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. Credit-impaired financial assets are referred to as Stage 3 assets. 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 lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event - instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost or FVOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Group considers the following factors:

- the market's assessment of creditworthiness as reflected in the bond yields;
- the rating agencies' assessments of creditworthiness;
- the country's ability to access the capital markets for new debt issuance; and
- the probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment.

For financial assets where concessions are contemplated but not granted, the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default includes unlikeliness to pay indicators or a backstop if amounts are overdue for 90 days or more.

Purchased or originated credit-impaired (POCI) financial assets

POCI financial assets are assets that are credit-impaired on initial recognition. For POCI assets, lifetime ECL are incorporated into the calculation of the effective interest rate on initial recognition. Consequently, POCI assets do not carry an impairment allowance on initial recognition. The amount recognised as a loss allowance subsequent to initial recognition is equal to the changes in lifetime ECL since initial recognition of the asset.

Default definition

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

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

Notes to the Group consolidated financial statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES (Cont'd)

3.1 Financial Instruments (Cont'd)

3.1.1 Financial assets (Cont'd)

e) Impairment of financial assets (Cont'd)

- 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.

- **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.

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 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.

Multiple macro-economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different macro-economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the probability of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the probability of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised.

In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment. The following indicators are incorporated:

- internal risk grade;
- external credit rating (as far as available);
- actual or expected adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected changes in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same borrower;
- significant changes in the value of the collateral supporting the obligation;
- significant changes in the actual or expected performance and behavior of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower; and
- macro-economic information (such as oil prices or GDP) is incorporated as part of the internal rating model.

The quantitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However the Group still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending there is particular focus on assets that are included on a 'watch list' given an exposure is on a watch list once there is a concern that the creditworthiness of the specific counterparty has deteriorated.

3. MATERIAL ACCOUNTING POLICIES (Cont'd)

3.1 Financial Instruments (Cont'd)

3.1.1 Financial assets (Cont'd)

e) Impairment of financial assets (Cont'd)

As a back stop, a significant increase in credit risk is presumed if a customer is more than 30 days past due in making a contractual payment. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

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.

Improvement in credit risk profile

The Group has defined the 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 after 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.

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.

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

The Group formulates three economic scenarios: a base case, which is the median scenario assigned a 40% (2023: 40%) probability of occurring, and two less likely scenarios, one upside at 30% (2023: 30%) probability of occurring and one downside at 30% (2023: 30%) probability of occurring.

The table below summarizes key macroeconomic indicators included in the economic scenarios in UAE at 31 December 2024 for the years ending 2024 to 2026:

	Base Scenario			Downside Scenario			Upside Scenario		
	2024	2025	2026	2024	2025	2026	2024	2025	2026
Economic Composite Index	2.54%	2.77%	2.56%	1.59%	-2.58%	2.27%	3.01%	4.71%	2.84%
Oil Price – USD	79	74	71	66	51	65	84	79	73
Real Estate Index - Dubai	18,205	20,223	22,299	17,268	15,940	16,966	18,382	21,187	23,506

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For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES (Cont'd)

3.1 Financial Instruments (Cont'd)

3.1.1 Financial assets (Cont'd)

e) Impairment of financial assets (Cont'd)

Presentation of allowance for ECL in the statement of financial position

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

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve;
- for loan commitments and financial guarantee contracts: generally, as other liabilities; and
- where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

f) Write-off

Loans and advances and Islamic financing and debt securities are written-off when the Group has no reasonable expectations of recovering the financial asset (either partially or in full). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written-off.

Recoveries of amounts previously written-off are included in 'recoveries' in the consolidated statement of profit or loss.

g) 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;
- 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.

Notes to the Group consolidated financial statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES (Cont'd)

3.1 Financial Instruments (Cont'd)

3.1.1 Financial assets (Cont'd)

g) Modification of financial assets (Cont'd)

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 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.

h) Derecognition of financial assets

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

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

On derecognition of a financial asset in its entirety, the difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain / loss allocated to it that had been recognised in OCI is recognised in consolidated statement of profit or loss.

Any cumulative gain / loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in the consolidated statement of profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

3.1.2 Financial liabilities

a) Classification

The Group classifies its financial liabilities in the following categories:

i. Fair value through profit or loss; and

ii. Amortised cost.

i. Financial liabilities at FVPL

Financial liabilities are classified as at FVPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVPL. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and is effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

Notes to the Group consolidated financial statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES (Cont'd)

3.1 Financial Instruments (Cont'd)

3.1.2 Financial liabilities (Cont'd)

a) Classification (Cont'd)

i. Financial liabilities at FVPL (Cont'd)

Subsequent measurement

Financial liabilities at FVPL are stated at fair value, with any gains / losses arising on remeasurement recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain / loss recognised in consolidated statement of profit or loss incorporates any interest paid on the financial liability.

However, for non-derivative financial liabilities that are designated as at FVPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in OCI are not subsequently reclassified to consolidated statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

In making the determination of whether recognising changes in the liability's credit risk in OCI will create or enlarge an accounting mismatch in profit or loss, the Group assesses whether it expects that the effects of changes in the liability's credit risk will be offset in profit or loss by a change in the fair value of another financial instrument measured at FVPL. This determination is made at initial recognition.

Fair value is determined in the manner described in note 3.1 (b).

ii. Financial liabilities at amortised cost

Other financial liabilities, including deposits and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

b) Modification of financial liabilities

The Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is materially different from the discounted present value of the remaining cash flows of the original financial liability.

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

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in the consolidated statement of profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification.

Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

c) Derecognition of financial liabilities

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

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

3.1.3 Financial guarantee contracts and loan

Financial guarantees' are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument.

'Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15. Other loan commitments issued are measured at the sum of (i) the loss allowance determined in accordance with IFRS 9 and (ii) the amount of any fees received, less, if the commitment is unlikely to result in a specific lending arrangement, the cumulative amount of income recognised. Derecognition policies are applied to loan commitments issued and held.

Notes to the Group consolidated financial statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES (Cont'd)

3.1 Financial Instruments (Cont'd)

3.1.3 Financial guarantee contracts and loan (Cont'd)

The Group has issued no loan commitments that are measured at FVPL.

Liabilities arising from financial guarantees and loan commitments are included within other liabilities.

3.2 Derivative financial instruments

a) Classification

The Group enters into derivative financial instruments including forwards, futures, swaps and options in the foreign exchange and capital markets. Derivative financial instruments, that do not qualify for hedge accounting are classified as "FVPL – financial assets held for trading" financial instruments.

b) Initial and subsequent measurement

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

c) Gains and losses on subsequent measurement

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

3.3 Hedging instruments

As part of its asset and liability management, the Group uses derivatives for hedging purpose.

When derivatives are designated as hedges, the Group classifies them as either:

- fair value hedges which hedge the change in the fair value of recognised assets or liabilities; or
- cash flow hedges which hedge the exposure to variability in highly probable future cash flows attributable to a recognised asset or liability or a forecast transaction.

Hedge accounting is applied to derivatives designated as hedging instruments in fair value or cash flow hedge provided certain criteria are met.

Hedge accounting

a) Hedge documentation

At the inception of the hedge, formal documentation of the hedge relationship must be established. The hedge documentation prepared at the inception of the hedge must include a description of the following:

- The Group's risk management objective and strategy for undertaking the hedge;
- The nature of risk being hedged;
- Clear identification of the hedged item and the hedging instrument; and
- How the Group will assess the effectiveness of the hedging relationship on an ongoing basis.

b) Hedge effectiveness testing

The hedge is regarded as highly effective if both of the following conditions are met:

- At the inception of the hedge and in subsequent periods, the hedge is expected to be highly effective in offsetting the changes in fair value or cash flows of the hedging instruments with corresponding changes in the hedged risk and should be reliably measurable; and
- The actual results of the hedge effectiveness testing are within a range of 80 to 125 percent.

In case of a cash flow hedge, prospective hedge effectiveness is assessed by matching the critical terms of hedging instruments and hedged items.

c) Fair value hedge

When a derivative is designated as the hedging instrument in a hedge relationship, changes in the fair value of the derivative are recognised immediately in profit or loss, together with changes in the fair value of the hedged item that are attributable to the hedged risk. The change in fair value of the hedged item attributable to the hedged risk is recognised in profit or loss. If the hedged item would otherwise be measured at cost or amortised cost, then its carrying amount is adjusted accordingly. If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. Any adjustment up to the point of discontinuation to a hedged item for which the effective interest method is used is amortised to profit or loss as an adjustment to the recalculated effective interest rate of the item over its remaining life.

d) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in OCI. Any gain or loss in fair value relating to an ineffective portion is recognised immediately in the consolidated statement of profit or loss.

e) Discontinuance of hedge accounting

The hedge accounting is discontinued when a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting. At that point of time, any cumulative gain or loss on the hedging instrument that has been recognised in OCI remains in OCI until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the consolidated statement of profit or loss.

Notes to the Group consolidated financial statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES (Cont'd)

3.3 Hedging instruments (Cont'd)

f) Hedges that do not qualify for hedge accounting

For hedges that do not qualify for hedge accounting, any gains or losses arising from changes in the fair value of the hedging instrument are taken directly to the consolidated statement of profit or loss for the year.

3.4 Loans and advances and Islamic financing

Loans and advances and Islamic financing are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except when the Group chooses to carry the loans and advances at FVPL.

In addition to conventional banking products, the Group offers its customers certain Islamic financing products, which are approved by Sharia Supervisory Board. Islamic financing consists of the following:

Murabaha

An agreement whereby the Group sells to a customer, commodity or asset (subject asset) on a deferred payment basis, which the Group has purchased and acquired, based on a promise received from the customer to buy the item purchased according to specific terms and conditions. The selling price comprises the cost of the subject asset and an agreed profit margin. Income is recognised on an accrual basis adjusted by actual income when received.

Ijara

Ijara refers to lease of the asset, which the Group (Lessor) constructs or purchases as per customer (Lessee) request based on the promise to lease the asset for a fixed term against certain rent installment. Ijara can end by transferring the ownership of the asset to the lessee in case of Ijara Muntahia Bittamleek.

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

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

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

3.5 Investment securities

The 'investment securities' caption in the consolidated statement of financial position includes:

- debt investment securities measured at amortised cost: these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- debt and equity investment securities measured at FVPL or designated as at FVPL : these are at fair value with changes recognised immediately in profit or loss;
- debt securities measured at FVOCI; and
- equity investment securities designated as FVOCI.

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

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

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

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

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses on equity instruments recognised in OCI are transferred to retained earnings on disposal of an investment.

3.6 Investment properties

The Group holds certain investment properties to earn rental income, for capital appreciation or both. The leased out or intended to lease out components have been classified as investment properties. Investment properties are measured initially at cost, including transaction costs. Effective 1 January 2023, the Group changed the accounting policy for Investment Properties from the cost model to the fair value model as the Group believes that this will make the financial results more reliable and relevant in relation to the value of the investment properties. The impact of this change was not considered material, with the net change being reflected prospectively in the current year's profit within other operating income. Gains

3. MATERIAL ACCOUNTING POLICIES (Cont'd)

3.6 Investment properties (Cont'd)

or losses arising from changes in the fair values of investment properties are included in the consolidated income statement under 'Other operating income' in the year in which they arise.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are determined by comparing the proceeds from disposal with the carrying amount and are recognised in the consolidated statement of profit or loss under 'Other operating income' in the year of retirement or disposal.

3.7 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses except for granted land, which is stated at the market value at the date of grant.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of replacing an item of property and is recognised in the carrying value of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The day-to-day servicing expenses of property and equipment are recognised in the consolidated statement of profit or loss as incurred.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment. These are included in the consolidated statement of profit or loss.

Property and equipment is impaired if the carrying amount of the asset or its cash generating unit (CGU) exceed its recoverable amount. The impairment loss is recognised in the consolidated statement of profit or loss.

The cost of all property and equipment other than freehold land and capital work in progress is depreciated using the straight-line method over the following estimated useful lives:

Buildings	30 to 60 years
Leasehold improvements	5 to 10 years
Building renovations	7 years
Furniture and fixtures	7 years
Computer equipment	3 to 10 years
Computer software	7 years
Motor vehicles	5 years

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

Capital work in progress is initially recorded at cost, and upon completion is transferred to the appropriate category of property and equipment and thereafter depreciated in accordance with the Group's policies.

3.8 Repurchase agreement

When the Group sells a financial asset and simultaneously enters into an agreement to repurchase the asset at a fixed price on a future date the agreement is accounted for as a term borrowing depending on period of the agreement, and the underlying asset continues to be recognised in the Group's consolidated financial statements.

3.9 Customer deposits and Islamic customer deposits

Customer deposits are initially recognised at fair value, being the fair value of the consideration received. After initial recognition, all deposits are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any transaction costs that are directly attributable to the acquisition or receipt of customer deposit.

The Islamic customer deposits are received by entering into following kinds of agreements:

Mudaraba

An agreement between the Group and a third party whereby one party would provide a certain amount of funds (Rab ul Mal) which the other party (Mudarib) would then invest in a specific enterprise or activity against a specific share in the profit. The Mudarib would bear the loss in case of default, negligence or violation of any of the terms and conditions of the Mudaraba. In principle Mudaraba profit is distributed on declaration/ distribution by the Mudarib.

Wakala

An agreement between Group and third party whereby one party (Muwakil) provides certain amount of funds which the other party (Wakil) would invest according to the terms and conditions of Wakala in return for a certain fee. The Wakil is obliged to return the invested amount in case of default, negligence or violation of any of the terms and conditions of the Wakala. The Wakil may be granted any excess over and above a certain pre-agreed rate of return as a performance incentive. In principle, Wakala profit is distributed on declaration/distribution by the Wakil.

Islamic customer deposits are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective profit method.

3.10 Employees' terminal benefits

The Group provides for employees' terminal benefit in accordance with the UAE labor law. The entitlement to these benefits is based upon the employees' length of service and completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. With respect to its UAE national employees, the Group makes

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

3. MATERIAL ACCOUNTING POLICIES (Cont'd)

3.10 Employees' terminal benefits (Cont'd)

contributions to the relevant government pension scheme calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Defined contribution scheme

A defined contribution scheme is a post-employment benefit scheme under which an entity pays fixed contributions into a separate entity or to a government organisation and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in consolidated statement of profit or loss in the periods during which services are rendered by employees.

Pension and national insurance contributions for eligible employees are made by the Group to Pensions and Benefits Fund in accordance with the applicable laws of country where such contributions are made.

Defined benefit scheme

A defined benefit scheme is a post-employment benefit scheme other than a defined contribution scheme. The liability recognised in the statement of financial position in respect of defined benefit gratuity schemes is the present value of the defined benefit obligation at the end of the reporting period together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using assumptions in line with the guidelines of IAS 19. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The Group has determined that, in accordance with the terms and conditions of the defined benefit scheme, and in accordance with statutory requirements, the present value of refunds or reductions in future contributions, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. Net interest expense and other expenses related to defined benefit scheme are recognised in staff and other expenses in consolidated statement of profit or loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately to profit or loss. The Group recognises gains and losses on the settlement of a defined benefit scheme when the settlement occurs.

The below are the key actuarial assumptions used to value the liabilities using weighted average rates.

	2024	2023
Discount Rate	5.20% per annum	4.15% per annum
Salary Increase Rate	3.50% per annum	2.00% per annum

3.11 Share capital

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

3.12 Dividend on ordinary shares

Dividends payable on ordinary shares are recognised as a liability in the period in which they are approved by the Group's shareholders in the Annual General Meeting.

3.13 Offsetting

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

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

3.14 Revenue recognition

i. Interest income and expense

Interest income and expense for all interest bearing financial instruments except at FVPL, are presented in 'interest income' and 'interest expense' in the consolidated statement of profit or loss on an accrual basis using the effective interest rates of the financial assets or financial liabilities to which they relate. Interest income and expense for financial instruments at FVPL is recognised as 'Net gain from investments at fair value through profit or loss'.

Amortised cost and gross carrying amount

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

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

3. MATERIAL ACCOUNTING POLICIES (Cont'd)

3.14 Revenue recognition (Cont'd)

i. Interest income and expense (Cont'd)

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not creditimpaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date amortisation of the hedge adjustment begins.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

ii. Income from Islamic financing and distributions to depositors

Income from Islamic financing is recognised in the consolidated statement of profit or loss using the effective profit method.

The calculation of the effective profit rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective profit rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset.

Distribution to depositors (Islamic products) is calculated according to the Group's standard procedures and is approved by the Group's Sharia Supervisory Board.

iii. Fees and commission

Fee income, which is not an integral part of the effective interest rate of a financial instrument, is earned from a diverse range of services provided by the Group to its customers, and are accounted for in accordance with IFRS 15 'Revenue from Contracts with Customers'. Under the IFRS 15, fee income is measured by the Group based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Fee income is accounted for as follows:

- Personal and Corporate banking: Revenue from account service and servicing fees is recognised over time as the services are provided. Revenue related to transactions is recognised at the point in time when the transaction takes place.
- Investment banking service: Revenue from administrative agency services is recognized over time as the services are provided. The amounts to be collected from customers on 31 December are recognised as trade receivables. Revenue related to transactions is recognised at the point in time when the transaction takes place.

Fee income which forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate (for example, certain loan commitment fees) and recorded in 'Interest income'.

- **Asset management services**
  The Group provides asset management services. Fees for asset management services are calculated based on a fixed percentage of the value of assets managed and deducted from the customer's account balance on a monthly basis.
- **Customer loyalty programme**
  The Group operates a rewards programme which allows customers to accumulate points when they purchase products on the Group's credit cards. The points can then be redeemed for shopping rewards, cash back or air miles, subject to a minimum number of points being obtained. While some aspects of the programme are administered in-house, third party providers are used for certain other aspects of the programme.

  In the case of the in-house administered aspects, the sale proceeds received are allocated between the products / services sold and the points issued. The proceeds allocated to the points are equal to their fair value. Fair value is determined by applying statistical techniques.

  For aspects where third party providers are used, the consideration allocated to the awards credits collected on behalf of the third party are charged to the consolidated statement or profit or loss at the time of supplying the rewards.

iv. Property related income

Property related income includes rental income, which is recognised on a straight line basis over the term of the lease and is recorded under 'Other operating income' in the consolidated statement of profit or loss.

v. Dividend income

Dividend income is recognised when the right to receive payment is established. The presentation of dividend income in the consolidated statement of profit or loss depends on the classification and measurement of the equity investment, i.e.:

- for equity instruments designated at FVOCI, dividend income is presented as Dividend Income; and

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

3. MATERIAL ACCOUNTING POLICIES (Cont'd)

3.14 Revenue recognition (Cont'd)

v. Dividend income (Cont'd)

- for equity instruments at FVPL, dividend income is presented as 'Net gain from investments at FVPL' in the 'other operating income / (loss) line item'.

vi. Share of profit of an associate

Share of profit of an associate reflects the Group's share of the results of operations of the associate.

3.15 Foreign currencies

Foreign currency transactions are recorded at rates of exchange ruling at the value dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date, are translated at the foreign exchange rate ruling at spot date.

Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the foreign exchange rates ruling at the dates that the fair values were determined.

Forward foreign exchange contracts are translated into AED at market rates of exchange ruling at the reporting date. Foreign exchange differences arising on translation are recognised in the consolidated statement of profit or loss.

Foreign currency differences arising on translation are generally recognized in the consolidated statement of profit or loss. However, foreign currency differences arising from the translation of qualifying cash flow hedges to the extent that the hedge is effective, are recognised in OCI.

3.16 Acceptances

Acceptances arise when the Group is under an obligation to make payments against documents drawn under letters of credit. Acceptances specify the amount of money, the date and the person to which the payment is due. After acceptance, the instrument becomes an unconditional liability (time draft) of the Group and is therefore recognised as a financial liability in the consolidated statement of financial position with a corresponding contractual right of reimbursement from the customer recognised as a financial asset.

Acceptances have been considered within the scope of IFRS 9 - Financial Instruments and continued to be recognised as a financial liability in the consolidated statement of financial position with a contractual right of reimbursement from the customer as a financial asset.

3.17 Derivative product types

A derivative is a financial instrument whose value changes in response to an underlying variable, that requires little or no initial investment and that is settled at a future date. The Group enters into a variety of derivative financial instruments to manage the exposure to profit and foreign exchange rate risks, including unilateral promise to buy/sell currencies and interest rate swap.

Forwards

Forwards are contractual agreements to either buy or sell a specified currency, commodity or financial instrument at a specific price and date in the future. Forwards are customized contracts transacted in the over-the-counter market.

Swaps

Swaps are contractual agreements between two parties to exchange interest or foreign currency differentials based on a specific notional amount. For interest rate swaps, counterparties generally exchange fixed and floating rate interest payments based on a notional value in a single currency. For currency swaps, the underlying amounts are exchanged in different currencies.

Options

Options are contractual agreements that convey the right, but not the obligation, to either buy or sell a specific amount of a commodity or financial instrument at a fixed price, either at a fixed future date or at any time within a specified period.

i. Derivative related credit risk

Credit risk in respect of derivative financial instruments arises from the potential for a counterparty to default on its contractual obligations and is limited to the positive fair value of instruments that are favorable to the Group and potential future fluctuations.

ii. Derivatives held or issued for trading purposes

Most of the Group's derivative trading activities relate to sales and position coverage. Sales activities involve offering products to customers at competitive prices in order to enable them to transfer, modify or reduce current and expected risks.

Interest rate derivatives trading are conducted under Assets & Liabilities Committee (ALCO) approved limits.

Derivatives are initially recognised in the consolidated financial statements at cost being its fair value, for the premium received /paid. All derivatives are carried at their fair values as assets where the fair values are positive and as liabilities where the fair values are negative. Subsequent to initial recognition derivatives (held for trading) are measured at fair value with fair value changes recognised in the consolidated statement of profit or loss.

3.18 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the net profit or loss attributable to ordinary shareholders of the Group (further adjusted for interest expense and transaction cost on Tier 1 capital notes) by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3. MATERIAL ACCOUNTING POLICIES (Cont'd)

3.19 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Executive Committee to make decisions about resources allocated to the segment and assess its performance, and for which distinct financial information is available. Segment results that are reported to the Executive Committee include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.20 Related parties

An entity is considered related party of the Group if:

a) A person or a close member of that person's family is related to the Group if that person:

i. has control or joint control of the Group;

ii. has significant influence over the Group; or

iii. is a member of the key management personnel of the Group.

b) An entity is related to a Group if any of the following conditions applies:

i. The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

iii. Both entities are joint ventures of the same third party.

iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

v. The entity is controlled or jointly controlled by a person identified in (a).

vi. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

c) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.

Other than the transactions disclosed in note 33, the Group enters into transactions with other Government entities. In accordance with the exemption available in the revised IAS 24, these transactions with such related Government entities are not collectively or individually significant and have not been disclosed.

3.21 Impairment of non-financial assets

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

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in consolidated statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in consolidated statement of profit or loss.

3.22 Interest Rate Benchmark Reform

The Group completed its transition to alternative benchmark rates, the interest rate benchmark reform (IBOR reform) in 2023. We have successfully updated and adjusted all pre-existing contracts that were based on LIBOR to comply with the new reference rate.

3.23 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.

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

3. MATERIAL ACCOUNTING POLICIES (Cont'd)

3.23 Taxation (Cont'd)

Current tax (Cont'd)

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.

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 ESTIMATE AND JUDGEMENT

The preparation of these Group consolidated financial statements 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.

Critical judgements in applying the Group's accounting policies

In particular, considerable management judgement is required in respect of the following issues:

4.1 Financial asset classification

Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

4.2 Significant increase in credit risk

As explained in note 3.1.1 (e), ECL are measured as an allowance equal to 12-month ECL for Stage 1 assets, or lifetime ECL assets for Stage 2 or Stage 3 assets. An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

4.3 Establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. Refer to note 3.1.1 (e) for details of the characteristics considered in this judgement. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

4.4 Models and assumptions used

The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. See note 3.1.1 (e) for more details on ECL.

4. USE OF ESTIMATE AND JUDGEMENT (Cont'd)

4.5 Key sources of estimation uncertainty

The following are key estimations that have been used in the process of applying the Group's accounting policies:

- Establishing the number and relative weightings of forward-looking scenarios for each type of product / market and determining the forward looking information relevant to each scenario. When measuring ECL, the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.
- Probability of default: PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.
- Loss Given Default: LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.
- Exposure at Default: EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.

4.6 Credit risk management

In addition to the management of credit risk described in Note 35 b. (i), 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 are currently 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 to bank 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.

The Group exercises significant judgement in assessing and estimating areas such as Expected Credit Losses. The Group has during the year updated the ECL model based on relevant 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 weightings 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 assesses 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.

4.7 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).

4.8 Investment properties

The Group's existing policy on the recognition and measurement of investment properties is disclosed in note 3.6.

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

4. USE OF ESTIMATE AND JUDGEMENT (Cont'd)

4.8 Investment properties (Cont'd)

The Group has changed its accounting policy from cost model to fair value model effective from 1 January 2023. The impact is not considered material, with the net gain amounting to AED 64.8 million being reflected in the 2023 year's profit within other operating income.

4.9 Regulatory updates

The regulations which were issued by CBUAE to mitigate the repercussions of COVID 19 pandemic, which are still effective as at 31 December 2024 are detailed below:

In order to relieve the pressure on financial institutions, the CBUAE, vide its official paper issued on 5 April 2020, has allowed banks to apply a prudential filter to IFRS 9 expected loss provisions. The prudential filter aims to minimize the effect of IFRS 9 provisions on regulatory capital, in view of the expected volatility due to the COVID-19 crisis. The filter allows Banks to partially add incremental ECL provisions back to their Tier 2 capital for the purpose of calculating capital adequacy ratios. Banks are however required to reverse this capital benefit in a gradual and phased manner over a period of 5 years (ending on 31 December 2024).

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

5.1 Relevant new and revised IFRS applied with no material effect on the consolidated financial statements

The following new and revised IFRS have been adopted in the Group consolidated 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
Classification of Liabilities as Current or Non-Current Liabilities with Covenants (Amendments to IAS 1)	1 January 2024
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	1 January 2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024

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

5.2 Relevant new and revised IFRS issued but not yet effective

The Group has not applied the following new and revised IFRS, amendments and interpretations that have been issued but not yet effective:

	Effective for annual period beginning on or after
Lack of Exchangeability (Amendment to IAS 21)	1 January 2025
Amendments to IFRS 7 and IFRS 9	1 January 2026
IFRS 18 Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without public accountability	1 January 2027

Management anticipates that these IFRS and amendments will be adopted in the consolidated financial statements in the initial period when they become mandatorily effective. The impact of these standards and amendments is currently being assessed by the management.

6. FINANCIAL ASSETS AND LIABILITIES

6.1 Financial assets and liabilities classification

The table below sets out the Group's financial assets and liabilities classification in accordance with the categories of financial instruments in IFRS 9:

31 December 2024	Fair value through profit or loss AED'000	Fair value through OCI AED'000	Amortised cost AED'000	Total carrying amount AED'000
Cash and balances with Central Bank	-	-	**16,937,638**	**16,937,638**
Due from banks, net	-	-	**5,162,042**	**5,162,042**
Loans and advances and Islamic financing, net	-	-	**93,048,595**	**93,048,595**
Investment securities, net	**180,858**	**6,870,064**	**7,539,502**	**14,590,424**
Bankers acceptances	-	-	**6,930,361**	**6,930,361**
Positive mark to market value of derivatives	**584,760**	-	-	**584,760**
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 borrowings	-	-	**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**
31 December 2023				
Cash and balances with Central Bank	-	-	15,009,602	15,009,602
Due from banks, net	-	-	3,772,709	3,772,709
Loans and advances and Islamic financing, net	-	-	83,313,306	83,313,306
Investment securities, net	161,717	6,751,376	8,185,636	15,098,729
Bankers acceptances	-	-	7,931,518	7,931,518
Positive mark to market value of derivatives	697,872	-	-	697,872
Other assets, net	-	-	865,074	865,074
Total financial assets	859,589	6,751,376	119,077,845	126,688,810
Due to banks	-	-	7,833,389	7,833,389
Customer deposits and Islamic customer deposits	-	-	88,287,145	88,287,145
Notes and medium term borrowings	-	-	5,705,456	5,705,456
Due for trade acceptances	-	-	7,931,518	7,931,518
Negative mark to market value of derivatives	634,707	-	-	634,707
Other liabilities	-	48,522	2,723,173	2,771,695
Total financial liabilities	634,707	48,522	112,480,681	113,163,910

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

6. FINANCIAL ASSETS AND LIABILITIES (Cont'd)

6.2 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:

31 December 2024	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total fair value AED'000
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**
31 December 2023				
Investments				
Equity instruments and funds	52,991	115,797	164,792	333,580
Fixed and floating rate securities	5,649,712	929,801	-	6,579,513
Positive market value of forward foreign exchange contracts and other derivatives				
Fair value through profit or loss	-	697,650	-	697,650
Held for fair value hedge	-	222	-	222
Negative market value of forward foreign exchange contracts and other derivatives				
Fair value through profit or loss	-	(631,473)	-	(631,473)
Held for fair value hedge	-	(3,234)	-	(3,234)
	5,702,703	1,108,763	164,792	6,976,258

Notes to the Group consolidated financial statements

For the year ended 31 December 2024

6. FINANCIAL ASSETS AND LIABILITIES (Cont'd)

6.2 Fair value measurement – Fair value hierarchy: (Cont'd)

The following table shows a reconciliation of instruments measured at fair value (assets) and classified at level 3:

	2024 AED'000	2023 AED'000
Balance at the beginning of year	**164,792**	264,115
Additions	**1,480**	1,956
Settlement and other adjustments	**15,006**	(101,279)
Balance as at end of year	**181,278**	164,792

The Level 3 financial instruments include private equity investments, and their valuations are based on the last net asset published by the fund manager. The sensitivity of the effect as a result of a change in the fair value of equity instruments under level 3, due to reasonable possible change in equity indices, with all other variables held constant, is as follows:

	Assumed level of change %	2024 Impact on change in fair value AED'000	2023 Impact on change in fair value AED'000
Upward Shift	5%	**9,064**	8,240
Downward Shift	5%	**(9,064)**	(8,240)

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 year 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 year.

6.3 Fair value measurement – Hedges

The Group has hedged the fair value of certain fixed rate financial instruments. The combined net fair value of hedged components is AED Nil (2023: net negative AED 3.0 million) with a combined notional amount of AED 18.8 million (2023: AED 203.8 million). The Group has no cash flow hedges as at the accounting date. Refer to note 31 for details.

7. CASH AND BALANCES WITH CENTRAL BANK

	2024 AED'000	2023 AED'000
Cash on hand	**1,093,528**	841,965
Balances with Central Bank of the UAE ("CBUAE")		
- Statutory reserves and other deposits	**13,644,110**	12,567,637
- Negotiable certificates of deposit	**2,200,000**	1,600,000
	16,937,638	15,009,602

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

	2024 AED'000	2023 AED'000
Current and demand deposits	**1,791,315**	1,421,606
Overnight, call and short notice	**650,704**	285,708
Loans to banks	**2,723,062**	2,067,139
Gross due from banks	**5,165,081**	3,774,453
Less: Expected credit losses	**(3,039)**	(1,744)
Net due from banks	**5,162,042**	3,772,709
Within the UAE	**249,981**	31,963
Outside the UAE	**4,912,061**	3,740,746
	5,162,042	3,772,709

Notes to the Group consolidated financial statements

For the year ended 31 December 2024

9. LOANS AND ADVANCES AND ISLAMIC FINANCING, NET

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

At Amortised Cost	2024 AED'000	2023 AED'000
Loans and advances		
Overdrafts	**5,694,419**	6,762,575
Loans	**73,379,282**	62,503,108
Advances against letters of credit and trust receipts	**2,953,685**	3,676,238
Bills discounted	**3,568,514**	3,426,645
Gross loans and advances	**85,595,900**	76,368,566
Islamic financing		
Murabaha and Tawaruq	**6,008,997**	5,052,626
Ijara	**6,209,480**	6,717,064
Others	**479,520**	735,808
Gross Islamic financing	**12,697,997**	12,505,498
Gross loans and advances and Islamic financing	**98,293,897**	88,874,064
Less: Expected credit losses	**(5,245,302)**	(5,560,758)
Net loans and advances and Islamic financing	**93,048,595**	83,313,306

9. LOANS AND ADVANCES AND ISLAMIC FINANCING, NET (Cont'd)

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
Gross exposure at 1 January 2024	**73,832,602**	**8,325,756**	**6,715,706**	**88,874,064**
Transfers from Stage 1 to Stage 2	**(5,093,061)**	**5,093,061**	**-**	**-**
Transfers from Stage 1 to Stage 3	**(245,301)**	**-**	**245,301**	**-**
Transfers from Stage 2 to Stage 1	**86,658**	**(86,658)**	**-**	**-**
Transfers from Stage 2 to Stage 3	**-**	**(960,873)**	**960,873**	**-**
Transfers from Stage 3 to Stage 2	**-**	**2,835**	**(2,835)**	**-**
Transfers from Stage 3 to Stage 1	**4,404**	**-**	**(4,404)**	**-**
Net additions / (repayments)	**14,986,592**	**(2,977,752)**	**(869,781)**	**11,139,059**
Amounts written off	**-**	**-**	**(1,719,226)**	**(1,719,226)**
At 31 December 2024	**83,571,894**	**9,396,369**	**5,325,634**	**98,293,897**
ECL allowance at 1 January 2024	**435,892**	**734,474**	**4,390,392**	**5,560,758**
Transfers from Stage 1 to Stage 2	**(57,869)**	**57,869**	**-**	**-**
Transfers from Stage 1 to Stage 3	**(3,106)**	**-**	**3,106**	**-**
Transfers from Stage 2 to Stage 1	**4,001**	**(4,001)**	**-**	**-**
Transfers from Stage 2 to Stage 3	**-**	**(123,910)**	**123,910**	**-**
Transfers from Stage 3 to Stage 2	**-**	**1,640**	**(1,640)**	**-**
Transfers from Stage 3 to Stage 1	**3,451**	**-**	**(3,451)**	**-**
Net impairment charge	**55,532**	**214,269**	**605,245**	**875,046**
Recoveries/Reversals	**-**	**-**	**(31,613)**	**(31,613)**
Amounts written off and other adjustments	**-**	**-**	**(1,158,889)**	**(1,158,889)**
At 31 December 2024	**437,901**	**880,341**	**3,927,060**	**5,245,302**

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For the year ended 31 December 2024

9. LOANS AND ADVANCES AND ISLAMIC FINANCING, NET (Cont'd)

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Gross exposure at 1 January 2023	66,198,778	7,342,083	6,078,877	79,619,738
Transfers from Stage 1 to Stage 2	(3,894,868)	3,894,868	-	-
Transfers from Stage 1 to Stage 3	(399,169)	-	399,169	-
Transfers from Stage 2 to Stage 1	26,159	(26,159)	-	-
Transfers from Stage 2 to Stage 3	-	(1,328,922)	1,328,922	-
Transfers from Stage 3 to Stage 2	-	319,196	(319,196)	-
Transfers from Stage 3 to Stage 1	693	-	(693)	-
Net additions / (repayments)	11,901,009	(1,875,310)	125,141	10,150,840
Amounts written off	-	-	(896,514)	(896,514)
At 31 December 2023	73,832,602	8,325,756	6,715,706	88,874,064
ECL allowance at 1 January 2023	472,031	683,245	3,744,345	4,899,621
Transfers from Stage 1 to Stage 2	(41,548)	41,548	-	-
Transfers from Stage 1 to Stage 3	(6,144)	-	6,144	-
Transfers from Stage 2 to Stage 1	3,926	(3,926)	-	-
Transfers from Stage 2 to Stage 3	-	(202,430)	202,430	-
Transfers from Stage 3 to Stage 2	-	60,300	(60,300)	-
Transfers from Stage 3 to Stage 1	84	-	(84)	-
Net (reversals) / impairment charge	7,543	155,737	837,108	1,000,388
Recoveries/Reversals	-	-	(51,388)	(51,388)
Amounts written off and other adjustments	-	-	(287,863)	(287,863)
At 31 December 2023	435,892	734,474	4,390,392	5,560,758

The economic sector composition of the loans and advances and Islamic financing is set out in note 35 (b).

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10. INVESTMENT SECURITIES, NET

	UAE AED'000	GCC AED'000	International AED'000	Total AED'000
31 December 2024				
Held at fair value through profit or loss				
Fixed rate non-government 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 securities				
- Government	**2,125,886**	**620,908**	**943,002**	**3,689,796**
- Others	**1,177,231**	**277,567**	**1,550,383**	**3,005,181**
Floating rate non-government securities	**-**	**-**	**-**	**-**
	3,475,939	**898,475**	**2,495,650**	**6,870,064**
Held at amortised cost				
Fixed rate 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

Notes to the Group consolidated financial statements

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10. INVESTMENT SECURITIES, NET (Cont'd)

	UAE AED'000	GCC AED'000	International AED'000	Total AED'000
31 December 2023				
Held at fair value through profit or loss				
Fixed rate non-government securities	-	-	-	-
Unquoted equity instruments	-	-	161,717	161,717
	-	-	161,717	161,717
Held at fair value through other comprehensive income				
Quoted equity instruments	52,991	-	-	52,991
Unquoted equity instruments and fund	115,797	-	3,075	118,872
Fixed rate securities				
- Government	1,990,419	556,096	913,534	3,460,049
- Others	835,082	304,195	1,814,691	2,953,968
Floating rate non-government securities	128,781	-	36,715	165,496
	3,123,070	860,291	2,768,015	6,751,376
Held at amortised cost				
Fixed rate securities				
- Government	6,087,820	552,119	552,381	7,192,320
- Others	244,903	36,077	712,464	993,444
	6,332,723	588,196	1,264,845	8,185,764
	9,455,793	1,448,487	4,194,577	15,098,857
Less: Expected credit losses on amortised cost securities				(128)
				15,098,729

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 5,643.7 million (31 December 2023: AED 5,270.4 million), pledged under repurchase agreements with banks under short term and medium-term borrowings.

Net gains from sale of debt investments at fair value through other comprehensive income amounted to AED 0.95 million (2023: AED 0.7 million).

As at 31 December 2024, the fair value of investment securities measured at amortized cost amounted to AED 7,458.25 million (31 December 2023: AED 8,175.52 million).

10. INVESTMENT SECURITIES, NET (Cont'd)

10.1 Rating of fixed and floating rate securities

The below table shows the rating of fixed and floating rate securities:

	2024 AED'000	2023 AED'000
Rated Aaa to Aa3	**4,003,986**	4,513,108
Rated A1 to A3	**3,399,702**	3,366,470
Rated Baa1 to Baa3	**808,068**	786,447
Rated below Baa3 or Unrated - Government	**5,666,073**	6,099,252
Rated below Baa3 - others	**358,562**	-
	14,236,391	14,765,277

The above represents approved ratings from External Credit Assessment Institutions (ECAIs) as per BASEL III guidelines.

The Group's Investment securities were classified under stage 1 at the reporting date (2023: classified under stage 1).

11. INVESTMENT IN AN ASSOCIATE

Equity accounting was applied using management information available at the date of reporting.

The following is the aggregated financial information of the associate:

	2024 AED'000	2023 AED'000
Investment in associate	**118,278**	102,390

12. INVESTMENT PROPERTIES

Investment properties comprise buildings. Rental income amounting to AED 11.6 million (2023: AED 15.4 million) from investment properties leased under operating lease is recorded in other operating income.

The fair value of the investment property amounted to AED 241.1 million (2023: AED 246.1 million). All of the investment properties have been categorised as Level 3 fair value measurements.

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For the year ended 31 December 2024

13. PROPERTY AND EQUIPMENT

Cost	Freehold land and buildings AED'000	Leasehold improvements AED'000	Furniture, equipment & vehicles AED'000	Capital work in progress (CWIP) AED'000	Total AED'000
At 1 January 2024	**290,161**	**40,213**	**588,792**	**84,871**	**1,004,037**
Additions during the year	**-**	**-**	**-**	**221,226**	**221,226**
Transfers	**3,115**	**1,482**	**217,540**	**(222,137)**	**-**
Disposals / write off	**-**	**(14,496)**	**(246,107)**	**-**	**(260,603)**
At 31 December 2024	**293,276**	**27,199**	**560,225**	**83,960**	**964,660**
Accumulated Depreciation					
At 1 January 2024	**141,331**	**31,647**	**399,216**	**-**	**572,194**
Transfers	**-**	**-**	**-**	**-**	**-**
Charge for the year	**2,839**	**1,808**	**56,367**	**-**	**61,014**
On disposals	**-**	**(13,718)**	**(244,595)**	**-**	**(258,313)**
At 31 December 2024	**144,170**	**19,737**	**210,988**	**-**	**374,895**
Net book value at 31 December 2024	**149,106**	**7,462**	**349,237**	**83,960**	**589,765**
At 1 January 2023	287,206	39,413	495,278	63,573	885,470
Additions during the year	-	204	812	121,809	122,825
Transfers	2,955	596	95,705	(100,511)	(1,255)
Disposals / write off	-	-	(3,003)	-	(3,003)
At 31 December 2023	290,161	40,213	588,792	84,871	1,004,037
Accumulated Depreciation					
At 1 January 2023	138,757	29,906	362,556	-	531,219
Transfers	-	-	-	-	-
Charge for the year	2,574	1,741	39,333	-	43,648
On disposals	-	-	(2,673)	-	(2,673)
At 31 December 2023	141,331	31,647	399,216	-	572,194
Net book value at 31 December 2023	148,830	8,566	189,576	84,871	431,843

The Group assessed whether there is an indication that an asset may be impaired and concluded that there was no indication of impairment as at 31 December 2024.

Notes to the Group consolidated financial statements

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14. OTHER ASSETS, NET

	2024 AED'000	2023 AED'000
Interest receivable	**711,953**	750,601
Accounts receivable and prepayments	**566,242**	278,171
Properties acquired in settlement of debt-held for sale, net	**694,136**	1,354,700
	1,972,331	2,383,472

As at 31 December 2024, AED 697.9 million (2023: AED 729.3 million) are classified under stage 1 and AED 85.3 million (2023: AED 102.5 million) are under stage 2.

Properties acquired in settlement of debt were acquired in order to extinguish a loan. During the year provision of AED 28.4 million (2023: AED 146.8 million) was charged on property acquired in settlement of debt. These assets are carried at the lower of cost or net realisable value.

15. DUE TO BANKS

	2024 AED'000	2023 AED'000
Current and demand deposits	**47,382**	980,425
Term borrowings	**7,494,641**	6,852,964
	7,542,023	7,833,389

Included in term borrowings an amount of AED 2,190.9 million (31 December 2023: AED 1,502 million), pledged under repurchase agreements with banks.

16. CUSTOMER DEPOSITS AND ISLAMIC CUSTOMER DEPOSITS

	2024 AED'000	2023 AED'000
Customer deposits		
Current and demand accounts	**40,124,294**	36,356,851
Savings accounts	**3,540,579**	3,476,115
Time deposits	**37,729,630**	34,095,987
	81,394,503	73,928,953
Islamic customer deposits		
Current and demand accounts	**3,373,311**	3,359,229
Mudaraba savings accounts	**600,716**	589,916
Investment and Wakala deposits	**12,194,937**	10,409,047
	16,168,964	14,358,192
Total customer deposits and Islamic customer deposits	**97,563,467**	88,287,145
By sector:		
Government	**14,331,493**	15,793,582
Corporate	**44,119,151**	39,140,743
Personal	**39,112,823**	33,352,820
	97,563,467	88,287,145

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 (2023: AED 6.7 million).

Notes to the Group consolidated financial statements

For the year ended 31 December 2024

17. NOTES AND MEDIUM TERM BORROWINGS

	Notes	31 December 2023 AED'000	Cash flow Changes AED'000	Non cash flow Changes AED'000	31 December 2024 AED'000
Syndicated loan	17.1	623,793	**(624,410)**	**617**	**-**
Repurchase agreements - III	17.2	1,135,721	**-**	**-**	**1,135,721**
Repurchase agreements - IV	17.2	917,459	**-**	**-**	**917,459**
Repurchase agreements - V	17.2	916,508	**-**	**-**	**916,508**
Medium term notes	17.3	2,111,975	**1,836,500**	**-**	**3,948,475**
Total		5,705,456	**1,212,090**	**617**	**6,918,163**

	Notes	31 December 2022 AED'000	Cash flow Changes AED'000	Non cash flow Changes AED'000	31 December 2023 AED'000
Syndicated loan	17.1	622,823	-	970	623,793
Repurchase agreements - III	17.2	1,135,721	-	-	1,135,721
Repurchase agreements - IV	17.2	-	917,459	-	917,459
Repurchase agreements - V	17.2	-	916,508	-	916,508
Medium term notes	17.3	275,475	1,836,500	-	2,111,975
Total		2,034,019	3,670,467	970	5,705,456

17.1 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.

17.2 Repurchase agreements

The Group entered into multiple repurchase agreements transactions to obtain financing against the sale of certain debt securities. The repurchase agreements 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 December 2024 the fair value of the debt securities, which have been pledged under these repurchase agreements with banks, amounts to AED 3,452.8 million (USD 940.1 million) (31 December 2023: AED 3,768.4 million (USD 1,026.0 million)).

17. NOTES AND MEDIUM TERM BORROWINGS (Cont'd)

17.3 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

18. OTHER LIABILITIES

	2024 AED'000	2023 AED'000
Accrued interest payable	**1,077,148**	1,015,482
Employees' terminal benefits	**44,992**	48,522
Accounts payable	**708,329**	692,922
Accrued expenses	**218,244**	244,791
Manager cheques	**573,543**	565,117
Unearned fee income and deferred credits	**39,036**	42,224
Impairment allowance on financial guarantees and others	**318,204**	204,861
Tax Payable	**295,804**	-
	3,275,300	2,813,919

Based on the actuarial computation of employees' terminal benefits, the obligation under the defined benefit scheme is AED 45.0 million (2023: AED 48.5 million). The actuarial gain for the year ended 31 December 2024 amounting to AED 2.5 million (2023: AED 1.6 million loss) has been recognized directly in other comprehensive income under Actuarial loss on retirement benefits obligations.

The table below shows the movement in the employees' terminal benefits:

	2024 AED'000	2023 AED'000
Balances as at 1 January	**48,522**	53,885
Expense during the year	**13,882**	9,987
Actuarial (gain) / loss in other comprehensive income	**(2,537)**	1,623
Benefits paid and adjustments during the year	**(14,875)**	(16,973)
Balances as at 31 December	**44,992**	48,522

19. EQUITY

19.1 Share capital

The fully paid up and authorised ordinary share capital as at 31 December 2024 comprised 2,985,191,949 ordinary shares of AED 1 each (31 December 2023: 2,985,191,949 shares of AED 1 each). The movement in the number of shares during the year is as follows:

	2024	2023
As at the beginning of the year	**2,985,191,949**	2,802,733,968
Bonus shares issued during the year	**-**	182,457,981
At the end of the year	**2,985,191,949**	2,985,191,949

19.2 Tier 1 capital notes

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.

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For the year ended 31 December 2024

19. EQUITY (Cont'd)

19.2 Tier 1 capital notes (Cont'd)

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.

19.3 Legal and statutory reserve

The Group's Article of Association in compliance with the Decretal Federal Law No. (14) of 2018 require a minimum of 10% of annual net profit to be transferred to non-distributable legal and statutory reserve, until such time as this reserve equals 50% of share capital. During the year AED Nil million was transferred to legal and statutory reserve (2023: AED 91.1 million) to meet the minimum legal and statutory reserve requirement. The legal and statutory reserve is not available for distribution except under the circumstances stipulated by the relevant laws.

19.4 General reserve

The Group's Articles of Association adopted by the General Assembly of Shareholders in its meeting held on 26 June 2016 deleted the requirement for the general reserve. Therefore, there is no requirement to transfer 10% of the annual net profit to the general reserve. The previous Group's Articles of Association, required a minimum of 10% of the annual net profit to be transferred to general reserve until such time as this reserve equals 50% of share capital. The disposition of the general reserve shall be in accordance with a resolution made by the Board of Directors.

19.5 Capital reserve

This reserve represents the inaugural value of land at the CBD head office. The reserve is available for distribution to the shareholders.

19.6 Fair value reserve

This represents the net change in the fair values of OCI investments, derivative instruments designated as cash flow hedge instruments held by the Group at reporting date and actuarial changes on retirement benefits obligations. This reserve is not available for distribution to the shareholders until realised.

The reserve includes property impairment reserves amounting to AED 41.0 million (2023: 12.7 million).

19.7 Proposed distribution

As of the date of approving the consolidated financial statements, the Board of Directors' proposed a cash dividend of AED 0.5074 per share for the year (2023: AED 0.4438 per share).

20. INTEREST INCOME AND INCOME FROM ISLAMIC FINANCING

	2024 AED'000	2023 AED'000
Interest income		
Loans and advances	**5,440,347**	4,860,387
Negotiable certificates of deposit and other deposits with the Central Bank	**503,670**	508,187
Due from banks	**50,527**	47,168
Investment securities		
- Debt securities at FVOCI	**200,183**	171,727
- Debt securities at amortised cost	**427,291**	313,784
	6,622,018	5,901,253
Income from Islamic financing		
Murabaha and Tawaruq	**441,040**	333,127
Ijara	**480,855**	429,189
	921,895	762,316
Total interest income and income from Islamic financing	**7,543,913**	6,663,569

Interest income is recognised using the effective interest rate.

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21. INTEREST EXPENSE AND DISTRIBUTION ON ISLAMIC DEPOSITS

	2024 AED'000	2023 AED'000
Interest expense		
Due to banks	**243,614**	171,461
Customer deposits	**2,339,955**	1,966,323
Notes and medium term borrowings	**513,796**	491,675
	3,097,365	2,629,459
Profit distribution on Islamic deposits		
Islamic customer deposits	**647,581**	464,421
	647,581	464,421
Total interest expense and distribution on Islamic deposits	**3,744,946**	3,093,880

Distribution on Islamic deposits represents the share of income allocated to Islamic depositors of the Group. The allocation and distribution are approved by the Group's Internal Sharia Supervision Committee (ISSC).

22. NET FEES AND COMMISSION INCOME

	2024 AED'000	2023 AED'000
Lending activities	**440,463**	368,349
Trade finance activities	**252,603**	212,794
Account operating activities	**410,675**	365,675
Cards income and brokerage fees	**368,148**	282,270
	1,471,889	1,229,088
Cards, commissions and brokerage expenses	**(356,979)**	(294,438)
	1,114,910	934,650

23. OTHER OPERATING INCOME

	2024 AED'000	2023 AED'000
Net gain from foreign exchange and derivatives	**323,207**	312,442
Net gain from investments at fair value through profit or loss	**2,703**	377
Net gain from sale of debt investments at fair value through other comprehensive income	**951**	705
Dividend income	**9,758**	9,758
Other income, net	**240,312**	110,306
	576,931	433,588

24. OPERATING EXPENSES

	2024 AED'000	2023 AED'000
Depreciation and amortisation	**61,014**	49,409
General and administrative expenses	**566,112**	456,127
Staff expenses	**776,352**	722,313
	1,403,478	1,227,849

The social contributions (including donations and charity) made during the year amount to AED 1.9 million (2023: AED 2.9 million).

25. NET IMPAIRMENT LOSS

	2024 AED'000	2023 AED'000
Net impairment charge on		
Due from banks	**1,295**	571
Investment securities	**6**	810
Loans and advances and Islamic financing	**875,046**	1,000,388
Other assets	**29,682**	147,721
Impairment allowance on financial guarantees and other commitments	**113,343**	92,565
Recoveries of loans and advances and Islamic financing	**(257,190)**	(182,043)
Net impairment loss for the year	**762,182**	1,060,012

Notes to the Group consolidated financial statements

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26. LEASE COMMITMENTS

Group as lessee

Operating expenses include expenses related to the leases of the Group amounting to AED 7.47 million (2023: AED 11.0 million). Future minimum lease payments under non-cancellable leases as at 31 December are, as follows:

	2024 AED'000	2023 AED'000
Less than 1 year	**8,273**	7,473
From 1 year to 5 years	**4,995**	3,554
	13,268	11,027

27. 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 December 2023: 2,985,191,949).

	2024 AED'000	2023 AED'000
Net profit for the year	**3,029,781**	2,650,066
Deduct : Interest on Tier 1 capital notes	**(132,228)**	(132,228)
Adjusted net profit for the year	**2,897,553**	2,517,838
Weighted average number of ordinary shares ('000)	**2,985,192**	2,985,192
Adjusted earnings per share (AED)	**0.97**	0.84

The weighted average number of shares for 31 December 2024 and 31 December 2023 are adjusted with the issuance of bonus shares issued during the year (note 19.1).

Diluted earnings per share for the year ended 31 December 2024 and 31 December 2023 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.

28. CASH AND CASH EQUIVALENTS

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

	2024 AED'000	2023 AED'000
Cash on hand	**1,093,528**	841,965
Statutory reserves and other deposits	**13,644,110**	12,567,637
Negotiable certificates of deposit with Central Bank of the UAE	**2,200,000**	1,600,000
Due from banks	**5,165,081**	3,774,453
	22,102,719	18,784,055
Less: Negotiable certificates of deposit with Central Bank of the UAE with original maturity more than three months	**(1,600,000)**	(1,300,000)
Less: Due from banks with original maturity of more than three months	**(2,723,062)**	(2,067,139)
	17,779,657	15,416,916

29. CONTINGENT LIABILITIES AND 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.

	2024 AED'000	2023 AED'000
Contingent liabilities:		
Letters of credit	**2,748,204**	3,032,725
Letters of guarantee	**19,925,577**	16,801,181
Total contingent liabilities	**22,673,781**	19,833,906
Undrawn commitments to extend credit	**26,808,976**	27,037,144
Capital expenditure commitments	**161,458**	245,766
Commitments for future private equity investments	**45,101**	46,171
Total contingent liabilities and commitments	**49,689,316**	47,162,987

29. CONTINGENT LIABILITIES AND COMMITMENTS (Cont'd)

The maximum exposure to credit risk on unfunded exposure:

31 December 2024	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Letters of credit	**2,595,071**	**150,190**	**2,943**	**2,748,204**
Letters of guarantee	**17,107,964**	**2,414,920**	**402,693**	**19,925,577**
	19,703,035	**2,565,110**	**405,636**	**22,673,781**
Undrawn commitments	**24,782,087**	**2,026,889**	**-**	**26,808,976**
	44,485,122	**4,591,999**	**405,636**	**49,482,757**
31 December 2023				
Letters of credit	2,839,242	184,271	9,212	3,032,725
Letters of guarantee	14,585,722	1,769,554	445,905	16,801,181
	17,424,964	1,953,825	455,117	19,833,906
Undrawn commitments	25,413,363	1,623,781	-	27,037,144
	42,838,327	3,577,606	455,117	46,871,050

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 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 consolidated financial statements.

30. FIDUCIARY ASSETS

Assets held under fiduciary capacity on behalf of clients amounted to AED 10,478.4 million (2023: AED 8,812.1 million).

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31. DERIVATIVES

The following table shows the positive and negative fair values of derivative financial instruments at the reporting date, together with the notional amounts, analyzed by terms to maturity. The notional amount is the value of the derivative's underlying asset and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and therefore, are neither indicative of the Group's exposure to credit risk nor market risk.

	Positive market value AED'000	Negative market value AED'000	Notional amount AED'000	Less than three months AED'000	From three months to one year AED'000	From one year to five years AED'000	Over five years AED'000
31 December 2024							
Fair value hedge instruments							
Interest Rate Swaps	**30**	**30**	**18,750**	**-**	**18,750**	**-**	**-**
Forward foreign exchange contracts and other derivatives							
Currency swaps	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Interest rate swaps	**480,127**	**425,382**	**27,488,928**	**559,379**	**1,756,856**	**17,067,169**	**8,105,524**
Foreign exchange deals	**86,817**	**80,484**	**13,899,011**	**10,466,320**	**3,432,384**	**307**	**-**
Currency options	**515**	**105**	**-**	**-**	**-**	**-**	**-**
Interest rate options	**17,271**	**15,394**	**2,648,510**	**208,000**	**622,506**	**1,649,846**	**168,158**
	584,760	**521,395**	**44,055,199**	**11,233,699**	**5,830,496**	**18,717,322**	**8,273,682**
31 December 2023							
Fair value hedge instruments							
Interest Rate Swaps	222	3,234	203,750	-	-	203,750	-
Forward foreign exchange contracts and other derivatives							
Currency swaps	131	102	146,920	-	146,920	-	-
Interest rate swaps	615,506	545,192	28,044,947	34,972	2,039,042	16,502,213	9,468,720
Foreign exchange deals	72,613	77,011	8,159,198	5,030,732	3,109,187	19,279	-
Currency options	225	225	734,600	734,600	-	-	-
Interest rate options	9,175	8,943	1,322,186	-	460,425	571,825	289,936
	697,872	634,707	38,611,601	5,800,304	5,755,574	17,297,067	9,758,656

32. 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 in order 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 year, 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 year 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 small business and 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 AED'000	Corporate banking AED'000	Personal banking AED'000	Trading & other AED'000	Total AED'000
31 December 2024					
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**
31 December 2023					
Assets	36,594,853	43,387,782	17,188,948	31,815,908	128,987,491
Liabilities	47,531,978	17,075,163	35,087,923	13,511,070	113,206,134

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32. SEGMENTAL REPORTING (Cont'd)

	Institutional banking AED'000	Corporate banking AED'000	Personal banking AED'000	Trading & other AED'000	Total AED'000
31 December 2024					
Net interest income and net income from Islamic financing	**926,215**	**1,271,332**	**1,484,120**	**117,300**	**3,798,967**
Non-interest & other income	**405,558**	**387,511**	**649,832**	**248,940**	**1,691,841**
Total operating income	**1,331,773**	**1,658,843**	**2,133,952**	**366,240**	**5,490,808**
Operating expenses	**(268,007)**	**(314,911)**	**(770,142)**	**(50,418)**	**(1,403,478)**
Net impairment loss	**(58,063)**	**(547,911)**	**(87,733)**	**(68,475)**	**(762,182)**
	(326,070)	**(862,822)**	**(857,875)**	**(118,893)**	**(2,165,660)**
Net profit for the year before income tax expense	**1,005,703**	**796,021**	**1,276,077**	**247,347**	**3,325,148**
Income tax expense	**(89,277)**	**(72,282)**	**(111,322)**	**(22,486)**	**(295,367)**
Net profit for the year	**916,426**	**723,739**	**1,164,755**	**224,861**	**3,029,781**
31 December 2023					
Net interest income and net income from Islamic financing	752,850	1,106,265	1,295,320	415,254	3,569,689
Non-interest & other income	368,978	347,539	544,165	107,556	1,368,238
Total operating income	1,121,828	1,453,804	1,839,485	522,810	4,937,927
Operating expenses	(210,123)	(272,386)	(650,856)	(94,484)	(1,227,849)
Net impairment loss	(198,255)	(706,554)	(17,179)	(138,024)	(1,060,012)
	(408,378)	(978,940)	(668,035)	(232,508)	(2,287,861)
Net profit for the year before income tax expense	713,450	474,864	1,171,450	290,302	2,650,066
Income tax expense	-	-	-	-	-
Net profit for the year	713,450	474,864	1,171,450	290,302	2,650,066

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	
	2024 AED'000	2023 AED'000	**2024 AED'000**	2023 AED'000
Institutional banking	**781,453**	634,447	**550,320**	487,381
Corporate banking	**2,999,301**	2,927,551	**(1,340,458)**	(1,473,747)
Personal banking	**1,032,801**	908,221	**1,101,151**	931,264
Trading & other	**677,253**	467,708	**(311,013)**	55,102
Total operating income	**5,490,808**	4,937,927	**-**	-

33. RELATED PARTY TRANSACTIONS AND BALANCES

As at 31 December 2024 and 31 December 2023, 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	
	2024 AED'000	2023 AED'000	**2024 AED'000**	2023 AED'000	**2024 AED'000**	2023 AED'000
Due from banks	**-**	-	**323,460**	73,460	**-**	-
Loans and advances and Islamic financing	**69,348**	103,382	**207,403**	1,073,800	**3,327,045**	2,174,448
Investment securities, net	**-**	-	**554,518**	551,331	**-**	-
Bankers acceptances	**-**	-	**-**	27,615	**293,009**	40,987
Letters of credit	**-**	-	**1**	5,082	**267,526**	211,062
Letters of guarantee	**-**	-	**174,252**	148,674	**400,400**	123,966
Undrawn commitments to extend credit	**1,846**	58,095	**796,575**	1,213,161	**276,261**	284,167
Due to banks	**-**	-	**35,880**	46,788	**-**	-
Customer deposits and Islamic customer deposits	**183,367**	112,365	**6,325,647**	3,928,062	**1,255,042**	1,062,602
Interest income and commission income	**5,562**	7,807	**38,731**	68,671	**253,250**	164,971
Interest expense	**3,207**	2,784	**268,431**	197,870	**90,970**	16,529
Dividend from an associate	**-**	-	**-**	-	**6,653**	6,653

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

Sitting fees paid to directors for attending committee meetings during the year ended 31 December 2024 amounted to AED 3.2 million (2023: AED 2.9 million).

Directors' remuneration paid during the year amounted to AED 23.0 million (2023: AED 23.0 million).

Key management compensation	**2024 AED'000**	2023 AED'000
Salaries	**29,214**	24,064
Post-employment benefits	**1,181**	1,278
Other benefits	**68,871**	20,157

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34. RISK MANAGEMENT OBJECTIVES AND POLICIES

34.1 Risk Governance

The Board of Directors (the "Board") has the overall responsibility for the operations and the financial stability of the Group, and ensures that the interests of shareholders, depositors, creditors, employees and other stakeholders, including the banking regulators and supervisors, are addressed. The Board is responsible for strategic direction, oversight of management and satisfying itself there are adequate controls with the ultimate objective of promoting the success and long-term value of the Group. The Board is also responsible for the overall risk governance framework, management, determining risk strategy, setting the Group's risk appetite and ensuring that risk exposure is monitored, controlled effectively and kept within set limits. Additionally, it is responsible for establishing a clearly defined risk management structure and for the approval of the risk policies and procedures as well as management of all risks related to the Group.

In order to effectively discharge this responsibility the Board is assisted by various Board Committees, namely the Board Credit & Investment Committee (BCIC), Board Strategy Committee (BSC), Board Risk and Compliance Committee (BRCC), Board Audit Committee (BAC) and the Remuneration, Nomination and Governance Committee (REMCO).

Senior Management actively manages risk, primarily through the Risk Department with oversight by the Executive Committee (EXCO), Assets & Liabilities Committee (ALCO), Credit Committee (CC), Project Investment Committee (PIC), Risk Management and Compliance Committee (RMCC), Human Resources Committee (HRC), Operational Risk Management Committee (ORMC), Environmental, Social, and Governance Council (ESG Council), Model Oversight Committee (MOC), IFRS 9 Provisions Committee (IFRS 9 PC) and the Sharia Supervision Committee (ISSC).

34.2 Control Environment

a) Group Risk

The Group Risk Management Department comprises of the following areas: Enterprise Risk Management, Market Risk, Operational Risk including Technology Risk and Business Continuity Management, Technology Risk, Risk Governance and Fraud Risk Management. The core responsibilities include the following:

- The upkeep of the Risk Management Framework and risk appetite in accordance with the strategic plan approved by the Board and regulatory requirements;
- Performing the Group's Internal Capital Adequacy Assessment Process (ICAAP) - including the Material Risk Identification Process - Capital Management analysis, the development of Pillar II capital assessment models and conducting Stress Testing;
- Providing the independent assessment of, and challenge to the business areas' risk management and profiles to ensure that they are maintained in a robust manner;
- Acting as a point of reference for risk and control matters, providing advice to management, sharing best practices and carrying out special reviews as directed by RMCC and the ALCO, and highlighting emerging risks.
- Conducting assurance reviews on the 1st line of defense activities including risk and control self-assessments, control testing and the appropriate adoption of risk policies.
- Providing operational resilience - protecting Group and customer information assets from cybersecurity risks and ensuring that critical functions can be maintained should a disruptive event occurs;
- Centrally managing the Group's policies to ensure timely review and approval in accordance with regulatory and internal deadlines;
- Formulating and managing the Group's Model Risk management approach, ensuring appropriate governance controls are in place and in line with internal and regulatory expectations;
- Providing independent and continuous oversight of the Credit Risk Function by ensuring Credit Risk is acquired in accordance with internal policies and regulations, and that the Bank remains within its set Credit Risk Appetite.
- Framing and introducing necessary controls to identify, assess and monitor the Group's exposure to Market Risk.

b) Internal Audit

The role of the Internal Audit Department within the Group is to provide independent and objective assurance that the processes for identifying, evaluating and managing significant risks faced by the Group are appropriate and effectively applied. In addition, it also provides an independent assurance on the compliance with key laws and regulations and measuring compliance with the Group's policies and procedures. Additionally, Internal Audit provides consulting services which are advisory in nature, and are generally performed at the specific request of the BAC or Management.

It is led by the Chief Internal Audit Officer who reports to the BAC of the Board of Directors, with administrative reporting to the Chief Executive Officer of the Group.

To perform its role effectively, Internal Audit has organizational independence from management, to enable unrestricted evaluation of management activities and personnel. The Internal Audit Charter empowers it to have full, free and effective access at all reasonable times to all records, documents and employees of the Group. Internal Audit has direct access to the Chairman of the BAC and the Chief Executive Officer of the Group.

To determine whether the Internal Audit Function is functioning effectively, the BAC shall:

34. RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

34.2 Control Environment (Cont'd)

b) Internal Audit (Cont'd)

- Assess the appropriateness of the Internal Audit Charter;
- Assess the adequacy of resources available, both in terms of skills and funding once each year;
- Sponsor external assessments, at least once every five (5) years, by a qualified, independent external reviewer.
- Approve the terms of employment of the Chief Internal Audit Officer.
- Monitor and review the effectiveness of the Internal Audit function and the independence and objectivity of the internal auditors.

c) Internal Control

Board of Directors and management are responsible for developing and maintaining the existence of a sound internal control system and procedures that meet international standards and fulfill the requirements of the Group's management and external regulatory bodies. The internal control system should be capable of ensuring the achievement of the following:

- Accuracy and integrity of financial and operational statements issued by the Group;
- Effectiveness and efficiency of the Group's operational activities;
- Effectiveness of measures and procedures set to safeguard the Group's assets and properties; and
- Compatibility with laws, legislations and regulations in force as well as policies pertinent to internal operational procedures.

Senior management constantly monitors and assesses the efficiency and effectiveness of internal control procedures and their ability to achieve stated objectives and their furtherance and enhancement.

The processes and responsibilities of the Internal Control functions include but are not limited to:

- Ensuring that the Group's operational policies, processes and controls are adhered to;
- Ensuring that proper internal controls are in place and that they are functioning as designed in a timely and effective manner;
- Periodic review of the Group's internal control system in order to identify areas where internal controls may be weak, not present and areas where there appear to be excessive controls resulting in operational inefficiency so as to suggest ways to rectify the same;
- Enabling the management to conduct an annual review of the efficiency of the internal control system and report its findings; and
- Monitoring of operational activities and overseeing operational controls being exercised to ensure that these are timely and effective.

d) Compliance

Compliance risk is defined by the Basel Committee as "the risk of legal or regulatory sanctions, financial loss, or loss to reputation that a Group may suffer as a result of its failure to comply with all applicable laws, regulations, codes of conduct and standards of good practice".

The process of monitoring compliance is an independent task which aims at ensuring that the Group, which includes the Bank and its regulated subsidiaries, operates in compliance with applicable laws, regulations, instructions, directives and circulars, issued by relevant authorities as well as prevailing market practices and ethical standards.

The Board of Directors oversees management of Compliance risk within the Group and takes necessary measures to set and promote a culture of compliance with the letter and spirit of applicable laws, rules, standards, ethical and professional conduct values when conducting the business of the Group.

The mission and role of the Group Compliance department is to:

- Ensure Compliance risk is adequately identified, assessed, monitored and mitigated in conjunction with Business and other control functions;
- Ensure senior management and the Board are fully informed of significant compliance issues and plans for resolution;
- Contribute to a "no surprise" compliance culture by educating and communicating compliance awareness on Compliance matters throughout the Group;
- Conduct independent reviews of selected processes and controls across the Group to ensure that key regulatory obligations are met and that key controls operate effectively;
- Develop annual compliance plans which set out compliance priorities for the Group and align compliance plans with business strategies and goals; and
- Develop frameworks and support the business in meeting applicable regulatory requirements, including Anti-Money Laundering (AML), Combatting the Financing of Terrorism (CFT), Targeted Financial Sanctions and Proliferation Financing (TFS and PF), Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS), Market Conduct and Consumer Protection requirements.

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34. RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

34.2 Control Environment (Cont'd)

e) Whistle Blowing

A set of arrangements has been designed to enable employees and customers to confidentially report concerns about any potential violations or misconduct, enabling the investigation and follow up of such concerns in an independent and confidential manner. Such arrangements are supervised by the Board in coordination with the senior management.

f) Fraud prevention

The Group's dedicated Fraud Prevention and Investigation Unit is integral to maintaining the integrity and security of its operations. This unit is tasked with identifying, detecting, and verifying potential or actual fraud incidents, as well as quantifying and recouping any losses sustained from such incidents. The overarching goal is to manage and reduce the susceptibility of the Group's assets and processes to fraud risk, while raising fraud awareness among employees, customers, and other stakeholders.

34.3 Disclosure policy

The Group has laid down the disclosure policy to ensure compliance with all regulations and guidelines issued by Central Bank of the UAE (CBUAE), International Financial Reporting Standards (IFRS), Securities and Commodities Authority (SCA) and Dubai Financial Market (DFM).

The following are the key features of the Group's disclosure policy concerning disclosure of financial information:

a) Materiality thresholds

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement, and / or any material information that might affect the share price. The Group, in order to ensure adequate disclosure lays down qualitative materiality threshold, so that no material information is omitted or misstated; at the same time it does not jeopardize its competitive position.

b) Control framework

In order to ensure true and fair disclosure, the Group has established controls including detailed procedures for finalization and review of financial disclosures.

c) Frequency and medium of disclosure

Interim financial results are disclosed on a quarterly basis while complete consolidated financial statements complying with the requirements of IFRS, Basel III Pillar 3, relevant laws of the UAE, SCA requirement and other guidelines from CBUAE are made on annual basis. Disclosures of material non-public financial information are made as follows:

- Uploading quarterly reviewed and annual audited consolidated financial statements to DFM, SCA, Nasdaq Dubai and the Group's websites;
- Management discussion and analysis in Arabic and English newspapers in a manner that ensures wide dissemination;
- Publication of the annual report which includes audited consolidated financial statements, list of names of members of the Board of Directors, senior executives and names of wholly or partially owned subsidiaries; and
- Investor's pack is presented on Group's website on a quarterly and annual basis.
- Uploading quarterly reviewed Basel III, Pillar 3 disclosures to the Group's website.

35. FINANCIAL RISK MANAGEMENT

a) Introduction and overview

Risk is inherent to the Group's business and operating activities. The Group's Risk Management Framework sets out the governance and risk management techniques to enable risk identification, assessment and the ongoing monitoring and management of each risk-type to which the Group is exposed. These activities contribute to the Group's overall financial and operational stability, performance and reputation.

As determined by the Group's Material Risk Identification Process, the main risk-types that the Group is exposed to are as follows:

- Credit (including concentration risk and residual risk)
- Market Risk and Counterparty Credit Risk
- Operational Risk (including Environmental, Social, and Governance (ESG) Risk, Cybersecurity Risk and Business Resilience Risk)
- Interest Rate Risk in the Banking Book (IRRBB)
- Strategic Risk
- Reputational Risk
- Regulatory Compliance & Financial Crime
- Legal Risk
- Model Risk
- Liquidity Risk
- Real Estate Investment Risk
- Sharia Non-Compliance Risk
- Climate Risk

35. FINANCIAL RISK MANAGEMENT (Cont'd)

a) Introduction and overview (Cont'd)

The Board Risk and Compliance Committee (BRCC) is responsible for overseeing the management of risk through the Group Risk Management Framework. A key risk management technique is Risk Appetite setting that commences with the Board's articulation of accepted and tolerated levels of risk and return on an enterprise-wide basis. Other key techniques include Policies and Procedures, Internal Capital Adequacy Assessment Process, Internal Controls – including Risk and Control Assessments and Control testing, Limits and Key Risk Indicator Monitoring & Reporting and Stress Testing.

The Group's BRCC is assisted by the Risk Management and Compliance Committee (RMCC). The RMCC is responsible for monitoring compliance with the Group's Risk Management policies and procedures, including the ongoing review of the adequacy of the Risk Management Framework. The RMCC provides risk performance updates to the BRCC and recommends key risk policies for approval.

Formal RMCC sub committees are in place for certain risk categories where there is a cross risk element to the activity or by exception. The sub-committees include the Model Oversight Committee and the Operational Risk Committee.

Market Risk is overseen by the Asset and Liability Committee.

Environmental, Social, and Governance Risks including Climate Risk is overseen by the ESG Council.

All Group polices are prepared as per the requirements set out in the Policy Management Framework. Risk policies are established to manage principal risks taken, in accordance with the approved risk-appetite and typically include limits, delegations and requirements for reporting and monitoring.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations arising principally from the Group's balances with Central Bank, due from banks, loans and advances and Islamic financing, other financial assets, loan commitments and financial guarantee contracts. For reporting purpose, credit risk on loan commitments and financial guarantee contracts is reported as a component of credit risk on loans and advances and Islamic financing. For risk management purposes, credit risk arising on investment securities held at FVPL is managed independently.

i. Management of credit risk

Credit Committee (CC) manages the credit risk of the Group by continuous review and update of the following:

- Formulating credit policies;
- Establishing the authorisation structure for the approval and renewal of credit facilities;
- Reviewing and assessing credit risk;
- Limiting concentrations of exposure to counterparties, geographies and industries;
- Developing and maintaining the Group's risk gradings;
- Developing and maintaining the Group's processes for measuring ECL;
- Reviewing compliance of business units with agreed exposure limits; and
- Providing advice, guidance and specialist skills to business units to promote best practice.

ii. Internal credit risk ratings

In order to minimize credit risk, the Group has tasked its credit committee to develop and maintain the Group's credit risk grading to categorize exposures according to their degree of risk of default. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

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

The following data are typically used to monitor the customer risk profile:

- Financial statement analysis;
- Payment record and ageing analysis;
- Extent of utilisation of granted limit;
- Forbearances (both requested and granted);
- Changes in business, financial and economic conditions;
- Credit rating information supplied by external rating agencies;

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35. FINANCIAL RISK MANAGEMENT (Cont'd)

b) Credit risk (Cont'd)

ii. Internal credit risk ratings (Cont'd)

- For retail exposures: internally and externally generated data of customer behaviour, affordability metrics etc.; and
- For corporate exposures: information obtained by periodic review of customer files including audited financial statements review and where available changes in the business sector the customer operates in etc.

The Group uses credit risk grades as a primary input into the determination of the term structure of the probability of default (PD) for exposures. The Group collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading.

The Group analyses all data collected using statistical models and estimates the remaining lifetime PD of exposures and how these are expected to change over time. The factors taken into account in this process include macro-economic data such as Economic Composite Index (ECI), Oil price per barrel (OPB), hotel occupancy and house prices. The Group generates a 'base case' scenario of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Group then uses these forecasts, which are probability-weighted, to adjust its estimates of PDs.

The Group uses different criteria to determine whether credit risk has increased significantly for each obligor. The criteria used are both quantitative changes in PDs as well as qualitative.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group has monitoring procedures in place to make sure that the criteria used to identify significant increase in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted. The Group performs periodic back-testing of its ratings to consider whether the drivers of credit risk that led to default were accurately reflected in the rating in a timely manner.

Loss Given Default is the loss expected to arise on default, incorporating the impact of forward-looking economic assumptions where relevant, which represents the difference between the contractual cash flows due and those that the Group expects to receive. The Group estimates LGD based on history of recovery rates and considers the valuation of any collateral that is integral to the financial asset, taking into account forward-looking economic assumptions where relevant.

iii. Measurement of ECL

As explained in note 3.1.1 (e), 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. However, for financial instruments such as credit cards 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. For such financial instruments the Group measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions. These financial instruments do not have a fixed term or repayment structure and have a short contractual cancellation period. However, the Group does not enforce in the normal day-to-day management the contractual right to cancel these financial instruments. This is because these financial instruments are managed on a collective basis and are cancelled only when the Group becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Group expects to take to mitigate ECL, e.g. reduction in limits or cancellation of the loan commitment. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance to terminate a loan commitment or guarantee.

iv. Restructured and renegotiated loans

Loans with renegotiated terms are defined as loans that have been restructured due to a deterioration in the borrower's financial position, for which the Group has made concessions by agreeing to terms and conditions that are more favourable for the borrower than the Group had provided initially and that it would not otherwise consider. A loan continues to be presented as part of loans with renegotiated terms until maturity, early repayment or write-off. Management continuously monitors the progress on renegotiated loans to ensure compliance with the terms at all times.

35. FINANCIAL RISK MANAGEMENT (Cont'd)

b) Credit risk (Cont'd)

v. Exposure to credit risk

The Group measures its exposure to credit risk by reference to gross carrying amount of financial assets less interest suspended and expected credit allowances, if any.

31 December 2024	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Due from banks				
Performing	**4,891,442**	**273,639**	**-**	**5,165,081**
Expected credit losses allowance	**(1,207)**	**(1,832)**	**-**	**(3,039)**
Net carrying amount	**4,890,235**	**271,807**	**-**	**5,162,042**
Loans and advances				
Performing	**83,571,894**	**9,396,369**	**-**	**92,968,263**
Non-performing	**-**	**-**	**5,325,634**	**5,325,634**
Expected credit losses allowance	**(437,901)**	**(880,341)**	**(3,927,060)**	**(5,245,302)**
Net carrying amount	**83,133,993**	**8,516,028**	**1,398,574**	**93,048,595**

31 December 2023				
Due from banks				
Performing	3,774,453	-	-	3,774,453
Expected credit losses allowance	(1,744)	-	-	(1,744)
Net carrying amount	3,772,709	-	-	3,772,709
Loans and advances				
Performing	73,832,602	8,325,756	-	82,158,358
Non-performing	-	-	6,715,706	6,715,706
Expected credit losses allowance	(435,892)	(734,474)	(4,390,392)	(5,560,758)
Net carrying amount	73,396,710	7,591,282	2,325,314	83,313,306

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35. FINANCIAL RISK MANAGEMENT (Cont'd)

b) Credit risk (Cont'd)

v. Exposure to credit risk (Cont'd)

The stage 1 and stage 2 are performing loans having credit risk grading 1 – 19 while stage 3 are predominantly non-performing loans having grades 20 – 22, or other uncured indicators of default.

The borrower risk ratings are mapped into the following buckets as below:

31 December 2024	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Loans and advances and Islamic financial, net				
1-10 (Strong Credit Risk ratings)	**15,552,249**	**528,176**	**-**	**16,080,425**
11-14 (Good Credit Risk ratings)	**60,415,170**	**1,689,107**	**-**	**62,104,277**
15-19 (Moderate to Weaker Credit Risk ratings)	**7,604,475**	**7,179,086**	**-**	**14,783,561**
20 - 22 (Default non-performing loans)	**-**	**-**	**5,325,634**	**5,325,634**
Gross loans and advances and Islamic financing	**83,571,894**	**9,396,369**	**5,325,634**	**98,293,897**
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**

31 December 2023				
Loans and advances and Islamic financial, net				
1-10 (Strong Credit Risk ratings)	11,952,120	85,854	-	12,037,974
11-14 (Good Credit Risk ratings)	51,311,896	1,567,927	-	52,879,823
15-19 (Moderate to Weaker Credit Risk ratings)	10,568,586	6,671,975	-	17,240,561
20 - 22 (Default non-performing loans)	-	-	6,715,706	6,715,706
Gross loans and advances and Islamic financing	73,832,602	8,325,756	6,715,706	88,874,064
Expected credit losses	(435,892)	(734,474)	(4,390,392)	(5,560,758)
Net loans and advances and Islamic financing	73,396,710	7,591,282	2,325,314	83,313,306

vi. Impairment reserve under Central Bank of the 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 and specific provision under Circular 3/2024 of CBUAE and IFRS 9 is as follows:

Allowances for impairment losses: General	2024 AED'000	2023 AED'000
General provisions under Circular 3/2024 of CBUAE	**1,480,195**	1,332,066
Less: Stage 1 and Stage 2 provisions under IFRS 9	**1,497,035**	1,345,489
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.

35. FINANCIAL RISK MANAGEMENT (Cont'd)

b) Credit risk (Cont'd)

vii. Allowances for impairment

As discussed above in the significant increase in credit risk section, under the Group's monitoring procedures, a significant increase in credit risk is identified before the exposure has defaulted, and at the latest when the exposure becomes 30 days past due. This is the case mainly for loans and advances to customers and more specifically for retail lending exposures because for corporate lending and other exposures there is more borrower specific information available which is used to identify significant increase in credit risk.

Assets carried at fair value through profit or loss is not subject to ECL, as the measure of fair value reflects the credit quality of each asset.

The Group monitors concentrations of its impaired loans by sector and by geographic location. An analysis of concentrations of impaired (excluding restructured / under restructuring) loans by sector is shown below:

31 December 2024	Impaired loans AED'000	Collateral AED'000	Specific provision and interest in suspense AED'000
Manufacturing	**410,425**	**257,912**	**258,077**
Construction	**1,766,469**	**299,373**	**1,655,093**
Real estate	**1,220,393**	**961,036**	**705,982**
Trade	**53,529**	**13,408**	**47,128**
Transportation and storage	**9,784**	**-**	**9,783**
Services	**417,532**	**117,583**	**346,257**
Hospitality	**349,980**	**194,078**	**235,441**
Financial and insurance activities	**16,648**	**16,439**	**3,058**
Personal - mortgage	**120,985**	**114,996**	**60,784**
Personal - schematic	**829,213**	**665,154**	**441,079**
Individual loans for business	**21,790**	**14,386**	**19,019**
Others	**108,886**	**1,013**	**145,359**
Total carrying amount	**5,325,634**	**2,655,378**	**3,927,060**
31 December 2023			
Manufacturing	47,838	16,283	34,361
Construction	1,797,660	519,861	1,509,860
Real estate	2,124,965	1,652,172	955,643
Trade	335,136	37,520	297,667
Transportation and storage	117,844	81,304	36,557
Services	922,856	461,769	518,590
Hospitality	284,661	212,772	97,978
Financial and insurance activities	701,856	29,496	688,238
Personal - mortgage	49,140	42,338	11,387
Personal - schematic	133,332	112,373	28,385
Individual loans for business	107,320	23,170	99,504
Others	93,098	1,221	112,222
Total carrying amount	6,715,706	3,190,279	4,390,392

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

35. FINANCIAL RISK MANAGEMENT (Cont'd)

b) Credit risk (Cont'd)

vii. Allowances for impairment (Cont'd)

All impaired loans are located in one geographic area i.e. the United Arab Emirates. The value of collateral is restricted to lower of loan exposure or realisable value of the collateral.

The gross carrying value of unfunded exposures pertaining to impaired loans amounted to AED 406.4 million (2023: AED 456.4 million).

viii. Write - off policy

The Group writes off a loan / investment in debt security in full or in part when the Board Risk and Compliance Committee (BRCC) determines that the relevant loan / security is uncollectible in full or in part. This determination is typically reached after monetization of all available collateral and a detailed validation that the borrower's / issuer's financial position such that the borrower / issuer can no longer pay the residual obligation or proceeds from collateral will not be sufficient to pay back the entire exposure and all possible efforts of collecting the amounts have been exhausted.

For smaller balances of standardized retail loans, write off decisions are generally based on a product-specific past due status.

ix. Collateral

The Group holds collateral against loans and advances in the form of cash, guarantees, mortgages and liens over properties or other securities over assets. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and are subsequently monitored and updated on a periodic basis. Generally, collateral is not held against debt securities and amounts due from banks, and no such collateral was held at 31 December 2024 or 2023.

Analysis of collateral by type is presented in the following table:

	2024 AED'000	2023 AED'000
Pledged deposits	**1,788,858**	2,357,544
Properties	**36,841,162**	35,526,549
Mortgages	**1,144,213**	1,226,135
Pledge of shares	**1,450,440**	1,580,478
Bank guarantees	**234,851**	174,966
Gold	**93,711**	118,288
Credit Insurance	**-**	160,212
Total collaterals	**41,553,235**	41,144,172

The above represents collateral value restricted to the lower of loan balance or collateral value.

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For the year ended 31 December 2024

35. FINANCIAL RISK MANAGEMENT (Cont'd)

b) Credit risk (Cont'd)

x. Concentration

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The following tables set out the concentration of credit risk by sector, geography and currency.

Concentration of credit risk by sector for 2024:

	Loans and advances and Islamic financing AED'000	Due from banks AED'000	Debt securities AED'000	Equity securities and fund of funds AED'000	Cash, balances with Central Bank and other assets AED'000	Total funded exposures AED'000	Undrawn commitments AED'000	Acceptances and contingent liabilities AED'000
Manufacturing	**8,887,163**	**-**	**311,224**	**-**	**-**	**9,198,387**	**1,825,769**	**1,431,697**
Construction	**4,566,934**	**-**	**-**	**-**	**-**	**4,566,934**	**1,013,009**	**12,451,026**
Real estate	**17,820,829**	**-**	**-**	**-**	**-**	**17,820,829**	**3,130,206**	**1,615,574**
Trade	**10,727,374**	**-**	**-**	**-**	**-**	**10,727,374**	**5,967,992**	**9,565,032**
Transportation and storage	**3,438,512**	**-**	**16,416**	**-**	**-**	**3,454,928**	**772,027**	**93,153**
Services	**6,962,960**	**-**	**107,173**	**59,655**	**-**	**7,129,788**	**1,310,095**	**1,136,206**
Hospitality	**2,454,666**	**-**	**-**	**-**	**-**	**2,454,666**	**1,212,453**	**125,603**
Financial and insurance activities	**8,389,802**	**5,165,081**	**3,118,256**	**294,445**	**118,278**	**17,085,862**	**3,447,833**	**1,380,540**
Government entities	**4,033,999**	**-**	**9,248,575**	**-**	**15,844,110**	**29,126,684**	**-**	**33,707**
Personal - mortgage	**16,129,441**	**-**	**-**	**-**	**-**	**16,129,441**	**139,369**	**-**
Personal - schematic	**5,755,091**	**-**	**-**	**-**	**-**	**5,755,091**	**5,457,516**	**812**
Individual loans for business	**865,933**	**-**	**-**	**-**	**-**	**865,933**	**465,264**	**799**
Others	**8,261,193**	**-**	**1,434,747**	**-**	**4,191,693**	**13,887,633**	**2,067,443**	**1,769,993**
Total carrying amount	**98,293,897**	**5,165,081**	**14,236,391**	**354,100**	**20,154,081**	**138,203,550**	**26,808,976**	**29,604,142**

Notes to the Group consolidated financial statements

For the year ended 31 December 2024

35. FINANCIAL RISK MANAGEMENT (Cont'd)

b) Credit risk (Cont'd)

x. Concentration (Cont'd)

Concentration of credit risk by sector for 2023:

	Loans and advances and Islamic financing AED'000	Due from banks AED'000	Debt securities AED'000	Equity securities and fund of funds AED'000	Cash, balances with Central Bank and other assets AED'000	Total funded exposures AED'000	Undrawn commitments AED'000	Acceptances and contingent liabilities AED'000
Manufacturing	6,767,339	-	341,357	-	-	7,108,696	1,874,970	1,496,542
Construction	5,860,537	-	-	-	-	5,860,537	966,543	10,477,062
Real estate	18,394,058	-	-	-	-	18,394,058	4,245,922	1,400,828
Trade	9,573,867	-	-	-	-	9,573,867	5,032,808	10,869,045
Transportation and storage	2,771,389	-	123,574	-	-	2,894,963	1,511,650	101,731
Services	6,290,765	-	368,251	52,991	-	6,712,007	1,417,580	892,834
Hospitality	2,782,500	-	-	-	-	2,782,500	179,665	18,001
Financial and insurance activities	8,688,549	3,774,453	3,227,769	280,589	102,390	16,073,750	4,336,059	1,349,397
Government entities	2,651,504	-	9,089,976	-	14,167,637	25,909,117	1,001,866	42,557
Personal - mortgage	12,356,828	-	-	-	-	12,356,828	8,864	-
Personal - schematic	4,950,521	-	-	-	-	4,950,521	4,077,042	10,691
Individual loans for business	1,495,293	-	-	-	-	1,495,293	572,469	647
Others	6,290,914	-	1,614,350	-	5,090,804	12,996,068	1,811,706	1,106,089
Total carrying amount	88,874,064	3,774,453	14,765,277	333,580	19,360,831	127,108,205	27,037,144	27,765,424

35. FINANCIAL RISK MANAGEMENT (Cont'd)

b) Credit risk (Cont'd)

x. Concentration (Cont'd)

Concentration of credit risk by geographic location for 2024:

	Loans and advances and Islamic financing AED'000	Due from banks AED'000	Debt securities AED'000	Equity securities and fund of funds AED'000	Cash, balances with Central Bank and other assets AED'000	Total funded exposures AED'000	Undrawn commitments AED'000	Acceptances and contingent liabilities AED'000
UAE	**80,265,219**	**249,981**	**9,216,324**	**172,822**	**20,154,081**	**110,058,427**	**23,033,889**	**23,954,817**
GCC	**7,217,503**	**1,171,518**	**1,366,905**	**-**	**-**	**9,755,926**	**2,281,825**	**933,790**
Middle East	**1,504,158**	**1,143,829**	**17,516**	**114,178**	**-**	**2,779,681**	**281**	**493,899**
Europe	**4,094,322**	**565,509**	**462,476**	**1,480**	**-**	**5,123,787**	**1,044,195**	**1,988,341**
USA	**297,316**	**1,409,916**	**984,152**	**2,265**	**-**	**2,693,649**	**59**	**790,450**
Asia	**1,540,646**	**142,278**	**1,679,491**	**-**	**-**	**3,362,415**	**347,986**	**1,197,561**
Others	**3,374,733**	**482,050**	**509,527**	**63,355**	**-**	**4,429,665**	**100,741**	**245,284**
Total carrying amount	**98,293,897**	**5,165,081**	**14,236,391**	**354,100**	**20,154,081**	**138,203,550**	**26,808,976**	**29,604,142**

Concentration of credit risk by geographic location for 2023:

	Loans and advances and Islamic financing AED'000	Due from banks AED'000	Debt securities AED'000	Equity securities and fund of funds AED'000	Cash, balances with Central Bank and other assets AED'000	Total funded exposures AED'000	Undrawn commitments AED'000	Acceptances and contingent liabilities AED'000
UAE	80,110,995	31,962	9,287,005	168,788	19,360,831	108,959,581	21,850,660	21,794,553
GCC	3,576,298	1,307,428	1,448,487	-	-	6,332,213	2,502,331	672,289
Middle East	925,796	550,367	-	66,665	-	1,542,828	162,600	100,061
Europe	2,043,617	531,132	761,211	1,702	-	3,337,662	1,429,582	2,883,392
USA	24,341	1,029,417	1,296,813	3,075	-	2,353,646	275	21,817
Asia	791,403	160,073	1,570,139	-	-	2,521,615	270,390	2,151,516
Others	1,401,614	164,074	401,622	93,350	-	2,060,660	821,306	141,796
Total carrying amount	88,874,064	3,774,453	14,765,277	333,580	19,360,831	127,108,205	27,037,144	27,765,424

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35. FINANCIAL RISK MANAGEMENT (Cont'd)

b) Credit risk (Cont'd)

x. Concentration (Cont'd)

Concentration of credit risk by currency for 2024:

	Loans and advances and Islamic financing AED'000	Due from banks AED'000	Debt securities AED'000	Equity securities and fund of funds AED'000	Cash, balances with Central Bank and other assets AED'000	Total funded exposures AED'000	Undrawn commitments AED'000	Acceptances and contingent liabilities AED'000
AED	**65,984,044**	**250,008**	**5,933,773**	**59,655**	**19,622,656**	**91,850,136**	**18,997,921**	**17,209,811**
Other currencies*	**32,309,853**	**4,915,073**	**8,302,618**	**294,445**	**531,425**	**46,353,414**	**7,811,055**	**12,394,331**
Total carrying amount	**98,293,897**	**5,165,081**	**14,236,391**	**354,100**	**20,154,081**	**138,203,550**	**26,808,976**	**29,604,142**

Concentration of credit risk by currency for 2023:

	Loans and advances and Islamic financing AED'000	Due from banks AED'000	Debt securities AED'000	Equity securities and fund of funds AED'000	Cash, balances with Central Bank and other assets AED'000	Total funded exposures AED'000	Undrawn commitments AED'000	Acceptances and contingent liabilities AED'000
AED	64,974,039	7	6,171,814	52,991	18,322,441	89,521,292	21,060,347	15,186,477
Other currencies*	23,900,025	3,774,446	8,593,463	280,589	1,038,390	37,586,913	5,976,797	12,578,947
Total carrying amount	88,874,064	3,774,453	14,765,277	333,580	19,360,831	127,108,205	27,037,144	27,765,424

*Majority of assets denominated in other currencies are in USD to which AED is pegged.

35. FINANCIAL RISK MANAGEMENT (Cont'd)

c) Settlement risk

The Group's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of the counterparty to honour its obligations to deliver cash, securities or other assets as contractually due. Delays in settlement are rare and are monitored through a framework of limits.

For certain types of transactions, the Group mitigates this risk by conducting settlements through a settlement / clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval / limit monitoring process described above. Acceptance of settlement risk on free settlement trades requires transaction specific or counterparty specific approvals from the Wholesale Credit Department.

d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or other financial assets. Liquidity risk is the inability to meet obligations as they become due. This risk includes the inability to liquidate assets at reasonable prices and in the required timeframe. Liquidity risk can be caused by market disruptions or idiosyncratic events which may cause certain sources of funding to diminish.

i. Management of liquidity risk

Liquidity risk is managed by the Treasury and Asset and Liability management (ALM) department in line with regulations, internal policies and guidelines. The Group's approach to managing liquidity risk is to ensure that it has adequate funding from diversified sources at all times to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage of the Group's reputation.

Funds are raised using a broad range of instruments including customers' deposits, medium term borrowings, repurchase agreements, money market instruments, subordinated debts and capital. The Treasury and ALM department monitors the liquidity profile of financial assets and liabilities and the projected cash flows arising from existing and future business. Treasury maintains a portfolio of short-term liquid assets and inter-bank placements to ensure that sufficient liquidity is maintained. The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and abnormal market conditions.

The Group's liquidity management process, as carried out within the Group and monitored by Group's Treasury, includes:

- Day to day funding is managed by monitoring future cash flows to ensure that requirements can be met including replenishment of funds as they mature or are borrowed by customers. The Group maintains an active presence in global money markets to facilitate funding activities;
- Maintenance of a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Managing balance sheet liquidity ratios against internal and regulatory requirements;
- Managing the concentration and profile of funding maturities; and
- Maintaining repurchase arrangements with various Banks to allow for the Bank to 'Repo' fixed income investments to meet any liquidity needs that may arise.

ii. Exposure to liquidity risk

The key measure used by the Group for measuring liquidity risk is the Advances to Stable Resources ratio (ASRR) (regulatory ratio) which is 86.58% as at 31 December 2024 (2023: 87.25%). In addition, the Group also uses the following ratios / information on a continuous basis for measuring liquidity risk:

- Eligible Liquid Assets ratio (ELAR) to total assets ratio;
- Net Loans to Deposits ratio (LDR); and
- Basel III ratios (including LCR and NSFR) are also monitored internally and by the ALCO and Board Risk and Compliance Committee (BRCC).

The following table summarizes the maturity profile of the Group's assets and liabilities based on the contractual repayment arrangements. This profile does not take into account the effective maturities as indicated by the Group's deposit retention history. The contractual maturities of assets and liabilities have been determined on the basis of the residual period at the report date to the contractual maturity date.

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35. FINANCIAL RISK MANAGEMENT (Cont'd)

d) Liquidity risk (Cont'd)

ii. Exposure to liquidity risk (Cont'd)

The maturity profile of the assets and liabilities at 31 December 2024 was as follows:

	Total AED'000	Less than 1 month AED'000	From 1 to 3 months AED'000	From 3 months to 1 year AED'000	From 1 to 5 years AED'000	Over 5 years AED'000	No Fixed Maturity AED'000
Assets							
Cash and balances with Central Bank	**16,937,638**	**7,743,528**	**800,000**	**450,000**	**-**	**-**	**7,944,110**
Due from banks, net	**5,162,042**	**3,260,391**	**513,557**	**209,673**	**1,178,421**	**-**	**-**
Loans and advances and Islamic financing, net	**93,048,595**	**8,021,208**	**10,907,202**	**12,076,997**	**34,609,821**	**27,433,367**	**-**
Investment securities, net	**14,590,424**	**2,742,569**	**784,092**	**4,442,643**	**4,877,282**	**1,743,838**	**-**
Investment in associate	**118,278**	**-**	**-**	**-**	**-**	**-**	**118,278**
Investment properties	**241,124**	**-**	**-**	**-**	**-**	**-**	**241,124**
Property and equipment	**589,765**	**-**	**-**	**-**	**-**	**-**	**589,765**
Bankers acceptances	**6,930,361**	**288,211**	**1,008,813**	**5,179,189**	**8,190**	**445,958**	**-**
Positive mark to market value of derivatives	**584,760**	**18,885**	**14,214**	**62,352**	**219,717**	**269,592**	**-**
Other assets, net	**1,972,331**	**1,278,195**	**-**	**-**	**-**	**-**	**694,136**
Total assets	**140,175,318**	**23,352,987**	**14,027,878**	**22,420,854**	**40,893,431**	**29,892,755**	**9,587,413**
Liabilities and equity							
Due to banks	**7,542,023**	**1,045,506**	**791,937**	**2,655,630**	**3,048,950**	**-**	**-**
Customer deposits and Islamic customer deposits	**97,563,467**	**58,844,055**	**13,195,092**	**25,074,827**	**440,165**	**9,328**	**-**
Notes and medium term borrowings	**6,918,163**	**-**	**-**	**-**	**6,918,163**	**-**	**-**
Due for trade acceptances	**6,930,361**	**288,211**	**1,008,813**	**5,179,189**	**8,190**	**445,958**	**-**
Negative mark to market value of derivatives	**521,395**	**56,087**	**2,235**	**29,679**	**207,668**	**225,725**	**-**
Other liabilities	**3,275,300**	**3,230,308**	**-**	**-**	**-**	**-**	**44,992**
Total liabilities	**122,750,709**	**63,464,167**	**14,998,077**	**32,939,325**	**10,623,136**	**681,011**	**44,992**
Gap representing equity	**17,424,609**	**(40,111,181)**	**(970,199)**	**(10,518,471)**	**30,270,295**	**29,211,744**	**9,542,421**

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For the year ended 31 December 2024

35. FINANCIAL RISK MANAGEMENT (Cont'd)

d) Liquidity risk (Cont'd)

ii. Exposure to liquidity risk (Cont'd)

The maturity profile of the assets and liabilities at 31 December 2023 was as follows:

	Total AED'000	Less than 1 month AED'000	From 1 to 3 months AED'000	From 3 months to 1 year AED'000	From 1 to 5 years AED'000	Over 5 years AED'000	No Fixed Maturity AED'000
Assets							
Cash and balances with Central Bank	15,009,602	8,141,965	200,000	1,300,000	-	-	5,367,637
Due from banks, net	3,772,709	1,705,569	-	422,395	1,644,745	-	-
Loans and advances and Islamic financing, net	83,313,306	8,495,817	7,820,806	11,512,497	29,134,773	26,349,413	-
Investment securities, net	15,098,729	1,131,840	1,281,112	5,542,294	5,227,473	1,916,010	-
Investment in associate	102,390	-	-	-	-	-	102,390
Investment properties	246,050	-	-	-	-	-	246,050
Property and equipment	431,843	-	-	-	-	-	431,843
Bankers acceptances	7,931,518	1,961,053	88,611	5,850,331	31,523	-	-
Positive mark to market value of derivatives	697,872	11,370	12,579	64,057	303,231	306,636	-
Other assets, net	2,383,472	1,028,772	-	-	-	-	1,354,700
Total assets	128,987,491	22,476,386	9,403,108	24,691,574	36,341,745	28,572,059	7,502,620
Liabilities and equity							
Due to banks	7,833,389	2,556,667	183,650	2,045,867	3,047,205	-	-
Customer deposits and Islamic customer deposits	88,287,145	52,923,801	11,957,338	22,947,418	446,716	11,872	-
Notes and medium term borrowings	5,705,456	-	-	623,793	5,081,663	-	-
Due for trade acceptances	7,931,518	1,961,053	88,611	5,850,331	31,523	-	-
Negative mark to market value of derivatives	634,707	20,694	13,353	57,063	283,915	259,679	-
Other liabilities	2,813,919	2,765,397	-	-	-	-	48,522
Total liabilities	113,206,134	60,227,612	12,242,952	31,524,472	8,891,022	271,551	48,522
Gap representing equity	15,781,357	(37,751,226)	(2,839,844)	(6,832,899)	27,450,723	28,300,507	7,454,098

Notes to the Group consolidated financial statements

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35. FINANCIAL RISK MANAGEMENT (Cont'd)

d) Liquidity risk (Cont'd)

ii. Exposure to liquidity risk (Cont'd)

The table below shows the maturity of the Group's contingent liabilities and credit commitments:

31 December 2024	Total AED'000	Less than 1 month AED'000	From 1 to 3 months AED'000	From 3 months to 1 year AED'000	From 1 to 5 years AED'000	Over 5 years AED'000
Contingent liabilities	**22,673,781**	**616,813**	**1,509,515**	**3,613,452**	**4,086,349**	**12,847,652**
Credit commitments	**26,808,976**	**6,207,610**	**1,814,489**	**3,028,011**	**5,469,155**	**10,289,711**
Total	**49,482,757**	**6,824,423**	**3,324,004**	**6,641,463**	**9,555,504**	**23,137,363**
31 December 2023						
Contingent liabilities	19,833,906	956,151	1,872,942	3,067,041	2,330,483	11,607,289
Credit commitments	27,037,144	5,139,610	1,820,345	5,018,472	6,964,757	8,093,960
Total	46,871,050	6,095,761	3,693,287	8,085,513	9,295,240	19,701,249

Due to the nature of the contingent liabilities and credit commitment, it is possible that the guarantees and commitments could be called in the less than one month bucket, being the earliest period in which the guarantees could be called, and commitments could be drawn. Behavioral maturity is materially aligned with contractual dates.

35. FINANCIAL RISK MANAGEMENT (Cont'd)

d) Liquidity risk (Cont'd)

ii. Exposure to liquidity risk (Cont'd)

The tables below show undiscounted contractual cash flows on the Group's financial liabilities:

31 December 2024	Total AED'000	Less than 1 month AED'000	From 1 to 3 months AED'000	From 3 months to 1 year AED'000	From 1 to 5 years AED'000
Due to banks	**7,993,477**	**1,047,849**	**797,813**	**2,757,736**	**3,390,079**
Customer deposits and Islamic customer deposits	**98,338,518**	**58,868,140**	**13,294,861**	**25,233,515**	**942,002**
Notes and medium term borrowings	**7,961,528**	**-**	**-**	**-**	**7,961,528**
Due for trade acceptances	**6,930,361**	**288,211**	**1,008,813**	**5,179,189**	**454,148**
Other liabilities	**1,010,601**	**1,010,601**	**-**	**-**	**-**
Total liabilities	**122,234,485**	**61,214,801**	**15,101,487**	**33,170,440**	**12,747,757**
31 December 2023					
Due to banks	8,057,940	2,559,196	185,198	2,077,001	3,236,545
Customer deposits and Islamic customer deposits	89,279,015	52,948,812	12,069,243	23,731,930	529,030
Notes and medium term borrowings	6,555,710	-	-	638,734	5,916,976
Due for trade acceptances	7,931,518	1,961,053	88,611	5,850,331	31,523
Other liabilities	1,028,458	1,028,458	-	-	-
Total liabilities	112,852,641	58,497,519	12,343,052	32,297,996	9,714,074

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35. FINANCIAL RISK MANAGEMENT (Cont'd)

e) Market risk

Market Risk is the risk of losses arising from movements in market prices. Market risk comes from a number of factors, particularly changes to market variables including, but not limited to, interest rates, credit spreads, exchange rates, equity prices, commodity prices, and implied volatilities. The Group is exposed to market risk through its participation in trading, investment, and asset/liability management activities. Trading activities involve taking positions on various instruments such as bonds, shares, currencies, commodities, or derivative financial instruments. The Group is exposed to non-trading market risk through its asset/liability management and investment portfolios.

i. Governance

The Market risk management policy governs global market risk management across the Group. The policy is approved by the Board Risk and Compliance Committee (BRCC). It sets out the principles for managing market risk and the framework that defines risk measures, control and monitoring activities, market risk limits, and reporting of breaches.

Limits and governance structure are in place to manage market risk which are consistent with the Group's Risk Appetite framework.

The BRCC sets the risk appetite pertaining to market risk which translates into risk limits which are closely monitored by Group Risk Management, reported daily to senior management and discussed monthly by the ALCO.

The Group separates its exposure to market risk between trading and non-trading portfolios with overall responsibility vested with the ALCO. The Group Risk Management department is responsible for the development of detailed risk management policies and for the day-to-day implementation, subject to review and approval by the ALCO.

ii. Assessment and Management of market risk

Group Risk Management Group uses a variety of risk measures to estimate the size of potential losses due to market risk. The Group's risk measures include Value-at-Risk (VaR), sensitivity metrics and stress test analysis.

Additionally, a comprehensive set of limits is applied to market risk measures, and these limits are monitored and reported on a regular basis. Instances when limits are exceeded are reported to the appropriate management level. The risk profiles of the Group's operations remain consistent with its risk appetite and the resulting limits, and are monitored and reported to traders, management of the applicable business unit, senior executives, and Board committees.

iii. Investment Portfolio

The Group has an investment portfolio of liquid securities for strategic and liquidity management purposes. These investments carry market risk, credit risk, liquidity risk, and concentration risk.

In line with the IFRS9, the transactions pertaining to this portfolio are either classified as amortised cost or fair value through other comprehensive income (FVOCI).

The investment governance framework sets out the guiding principles and general management standards that must be followed by all parties involved. Under the framework, the Board of Directors through the Board Risk and Compliance Committee (BRCC) approves and sets risk appetite for the investment portfolio in terms of size, returns and risk. The investment portfolio is managed directly by the Treasury and risk limits are closely monitored by the market risk and reported regularly to ALCO.

Group Risk Management Group applies different risk measures including Value-at-Risk (VaR), sensitivity metrics and stress test analysis. The risk reports are shared with ALCO and BRCC on a regular basis.

iv. Exposure to interest rate risk – non trading portfolio

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 the risk principally through measuring and monitoring interest rate gaps, Economic Value of Equity (EVE) and Net Interest Income (NII) sensitivity as well as DV01 for the entire balance sheet. The Group Risk Management Department monitors compliance with these Interest rate risk measures against approved limits on a regular basis and is responsible for reporting breaches if any, to senior management. ALCO review reports monthly.

35. FINANCIAL RISK MANAGEMENT (Cont'd)

e) Market risk (Cont'd)

iv. Exposure to interest rate risk – non trading portfolio (Cont'd)

The following is the impact of interest rate movement on net interest income:

	2024 Net interest income		2023 Net interest income	
	50 bps AED'000	**100 bps AED'000**	50 bps AED'000	100 bps AED'000
Upward Parallel Shift	**41,002**	**94,492**	52,085	107,584
Downward Parallel Shift	**(62,468)**	**(118,055)**	(98,439)	(179,699)

A summary of the Group's interest rate sensitivity position based on contractual re-pricing arrangements or maturity dates, whichever dates are earlier is as follows:

31 December 2024	**Non-interest bearing AED'000**	**Less than 3 months AED'000**	**From 3 to 6 months AED'000**	**From 6 months to 1 year AED'000**	**Over 1 Year AED'000**	**Total AED'000**
Assets						
Cash and balances with Central Bank	**9,037,638**	**7,900,000**	**-**	**-**	**-**	**16,937,638**
Due from banks, net	**1,788,693**	**2,018,802**	**36,730**	**760,623**	**557,194**	**5,162,042**
Loans and advances and Islamic financing, net	**1,421,627**	**53,891,143**	**9,176,143**	**3,172,177**	**25,387,505**	**93,048,595**
Investment securities, net	**354,033**	**3,172,628**	**4,014,805**	**427,838**	**6,621,120**	**14,590,424**
Investment in associate	**118,278**	**-**	**-**	**-**	**-**	**118,278**
Investment properties	**241,124**	**-**	**-**	**-**	**-**	**241,124**
Property and equipment	**589,765**	**-**	**-**	**-**	**-**	**589,765**
Bankers acceptances	**6,930,361**	**-**	**-**	**-**	**-**	**6,930,361**
Positive mark to market value of derivatives	**584,760**	**-**	**-**	**-**	**-**	**584,760**
Other assets, net	**1,972,331**	**-**	**-**	**-**	**-**	**1,972,331**
Total assets	**23,038,610**	**66,982,573**	**13,227,678**	**4,360,638**	**32,565,819**	**140,175,318**
Liabilities						
Due to banks	**48,044**	**1,789,399**	**183,650**	**2,471,980**	**3,048,950**	**7,542,023**
Customer deposits and Islamic customer deposits	**34,383,205**	**37,672,177**	**14,863,032**	**10,204,862**	**440,191**	**97,563,467**
Notes and medium term borrowings	**-**	**-**	**-**	**-**	**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	**3,275,300**	**-**	**-**	**-**	**-**	**3,275,300**
Total liabilities	**45,158,305**	**39,461,576**	**15,046,682**	**12,676,842**	**10,407,304**	**122,750,709**
Interest rate sensitivity gap	**(22,119,695)**	**27,520,997**	**(1,819,004)**	**(8,316,204)**	**22,158,515**	**17,424,609**
Cumulative interest rate sensitivity gap	**(22,119,695)**	**5,401,302**	**3,582,298**	**(4,733,906)**	**17,424,609**	
Represented by equity						**17,424,609**

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35. FINANCIAL RISK MANAGEMENT (Cont'd)

e) Market risk (Cont'd)

iv. Exposure to interest rate risk – non trading portfolio (Cont'd)

31 December 2023	Non-interest bearing AED'000	Less than 3 months AED'000	From 3 to 6 months AED'000	From 6 months to 1 year AED'000	Over 1 Year AED'000	Total AED'000
Assets						
Cash and balances with Central Bank	6,209,602	8,800,000	-	-	-	15,009,602
Due from banks, net	1,705,570	-	-	-	2,067,139	3,772,709
Loans and advances and Islamic financing, net	1,154,946	63,072,044	6,394,963	1,489,866	11,201,487	83,313,306
Investment securities, net	333,580	2,208,154	3,558,463	1,855,050	7,143,482	15,098,729
Investment in associate	102,390	-	-	-	-	102,390
Investment properties	246,050	-	-	-	-	246,050
Property and equipment	431,843	-	-	-	-	431,843
Bankers acceptances	7,931,518	-	-	-	-	7,931,518
Positive mark to market value of derivatives	697,872	-	-	-	-	697,872
Other assets, net	2,383,472	-	-	-	-	2,383,472
Total assets	21,196,843	74,080,198	9,953,426	3,344,916	20,412,108	128,987,491
Liabilities						
Due to banks	980,425	1,759,893	1,219,441	826,426	3,047,204	7,833,389
Customer deposits and Islamic customer deposits	32,270,579	40,189,904	5,986,508	9,410,719	429,435	88,287,145
Notes and medium term borrowings	-	-	623,793	-	5,081,663	5,705,456
Due for trade acceptances	7,931,518	-	-	-	-	7,931,518
Negative mark to market value of derivatives	634,707	-	-	-	-	634,707
Other liabilities	2,813,919	-	-	-	-	2,813,919
Total liabilities	44,631,148	41,949,797	7,829,742	10,237,145	8,558,302	113,206,134
Interest rate sensitivity gap	(23,434,305)	32,130,401	2,123,684	(6,892,229)	11,853,806	15,781,357
Cumulative interest rate sensitivity gap	(23,434,305)	8,696,096	10,819,780	3,927,551	15,781,357	
Represented by equity						15,781,357

Non-interest bearing loans and advances and Islamic financing, net comprises of stage 3 loans.

Overall interest rate risk positions are managed by the Treasury and ALM, which uses investment securities, advances to banks, deposits from banks and derivative instruments to manage the overall position arising from the Group's activities. Interest rate risks are assumed by ALM from the businesses through fund transfer pricing process.

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Transactional foreign currency exposures represent exposure on banking assets and liabilities, denominated in currencies other than the functional currency of the transacting entity.

The Market risk management policy is designed to prevent the holding of significant open positions in foreign currencies outside the trading portfolio managed by the Group. Exposures are monitored through open currency position limits and VaR, within the risk appetite set by the Board.

Positions are closely monitored by the Market Risk Department and hedging strategies are used to ensure positions are maintained within established limits.

Notes to the Group consolidated financial statements

For the year ended 31 December 2024

35. FINANCIAL RISK MANAGEMENT (Cont'd)

e) Market risk (Cont'd)

iv. Exposure to interest rate risk – non trading portfolio (Cont'd)

At 31 December, the Group had the following significant net exposures denominated in foreign currencies::

Currencies	Net Spot Position AED'000	Forward Position AED'000	Net exposure 2024 AED'000	Net exposure 2023 AED'000
US Dollar	**10,929,320**	**(8,917,378)**	**2,011,942**	1,613,193
GCC currencies	**(817,543)**	**928,415**	**110,872**	102,183
Great Britain Pound	**(39,754)**	**39,134**	**(620)**	609
Japanese Yen	**(1,851)**	**4,986**	**3,135**	1,064
Euro	**334,792**	**(335,784)**	**(992)**	5,500
Others	**19,792**	**(94,731)**	**(74,939)**	11,413

f) Equity risk

The Group has defined in its trading book policy the instruments which the Group is allowed to trade. A limited trading activity takes place in the equity market, monitored by Group Risk Management and in line with ALCO recommendations. Daily stop loss limits as well as portfolio notional limits are monitored daily and reported to senior management. In addition, the Group has classified an equity portfolio as FVOCI.

Analysis of equity portfolio:

	2024 AED'000	2023 AED'000
Publicly traded (quoted):		
Equity (note 10)	**59,655**	52,991
Privately held (unquoted):		
Unquoted equity instruments and fund (note 10)	**294,445**	280,589
Total	**354,100**	333,580

Analysis of gains or (losses) on equity investments:

	2024 AED'000	2023 AED'000
Unrealised gain / (loss)	**19,683**	(19,585)

g) Operational risk

Operational risk is defined by Basel as "The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, this includes legal risk but excludes strategic and reputation risks".

The Group's objective is to manage operational risk, within a robust control framework that balances the mitigation of financial losses and damage to the Group's reputation, with overall cost effectiveness and maintenance of an environment that does not unduly restrict initiative, innovativeness and creativity.

The primary responsibility for overseeing the establishment of sound operational risk management framework and monitoring the operational risk profile of the Group rests with the senior management of the Group. The Group maintains a cross functional committee, the Operational Risk Management Committee (ORMC), the members of which are senior management with the responsibility to closely monitor the status of key Operational Risks across the Group and support timely execution of action plans.

The Group maintains a robust risk governance framework with accountability embedded throughout the organisation. The Group applies a "Three lines of defense" model within which the businesses and functions are responsible for the risks that form part of their respective areas and must ensure that these risks are identified, measured, mitigated, and monitored through appropriate controls. Risk and Compliance and Finance are the major second lines of defense and are responsible for providing policy guidance, assurance, challenge, and oversight of the risks they steward. Internal Audit is the third line, providing independent assurance to senior management and the Board and its subcommittees.

Notes to the Group consolidated financial statements

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35. FINANCIAL RISK MANAGEMENT (Cont'd)

g) Operational risk (Cont'd)

Accountability and responsibility is assigned to the heads of individual units, departments or branches. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions to eliminate scenarios involving any conflict of interest;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures pertaining to all activities of the Group;
- Requirements for at least annual assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Requirements for the reporting of operational losses, tracking preventative actions to avoid future recurrence, and remedial actions to ensure the incident is appropriately managed;
- Change management policies ensure changes are implemented by evaluating impact, obtaining approvals, and mitigating risks;
- Vendor Risk Management requirements;
- New Product Approval requirements for evaluation of new products and material changes in existing offerings;
- Training and professional development of employees at all levels so as to maintain and increase their awareness of the areas they are responsible for;
- Mandatory annual risk and compliance training for all staff;
- Ethical and business standards (through the Group's Code of Conduct);
- Risk mitigation, including insurance wherever this is effective; and
- Whistle Blowing and Incident Reporting Policies are channels available to all staff for reporting of any loss events or other wrongdoings.

The Group has an approved framework for end-to-end management of its operational risks, which involves the active participation of the employees at all levels. The Operational Risk Management policy defines the framework for the identification, assessment, control, monitoring and reporting of operational risks and events.

As part of the operational risk framework in the Group, Risk and Control Self-Assessments (RCSA) are carried out by all business units to identify and measure their operational risks and assess the effectiveness of existing controls. Action plans are agreed for any control weaknesses or unacceptable risks to mitigate the likelihood and / or impact of an operational risk event. Any operational risk events that occur are recorded and escalated to ensure timely remedial actions are taken, to reduce customer dissatisfaction and recover losses.

Operational Risk Management. Control Test programs have been developed to assess the operating effectiveness of controls recorded in departmental risk profiles.

The Group maintains an operational risk system to record and manage all operational risk activities. The information system collates operational risk information that enables the group to effectively analyse and report operational risk data.

A comprehensive Business Continuity Management System (BCMS) is in place, certified to BCMS ISO 22301. The BCMS covers all critical aspects of business continuity and operational resilience, including risk assessment, business impact analysis, and recovery strategies.

Information and Cyber Security. The Group is ISO/IEC 27001 certified and complies with various standards, including the UAE Information Assurance framework. Key risks that the Group's Information and Cyber Security policies and practices are designed to mitigate include threats to application, infrastructure, and cloud security, potentially impacting customer data privacy, financial loss, and regulatory compliance.

Group Risk Management are responsible for embedding group-wide operational risk awareness, by delivering workshops, seminars and training courses on different operational risk disciplines, for employees throughout the year.

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36. CAPITAL MANAGEMENT

36.1 Regulatory capital

The Group's regulator, Central Bank of the UAE (CBUAE), sets and monitors regulatory capital requirements. The Group's objectives when managing capital are as follows:

- Safeguard the Group's ability to continue as a going concern and optimize returns for shareholders;
- Comply with regulatory capital requirements set by Central Bank of the UAE.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group also assesses its capital requirements internally taking into consideration growth requirements and business plans, and quantifies its Regulatory and Risk / Economic Capital requirements within its integrated ICAAP Framework. Risks such as Interest Rate Risk in the Banking Book, Concentration Risk, Strategic Risk, Legal and Compliance Risk, Stress Risk, Insurance Risk and Reputational Risk are all part of the ICAAP.

The Group also calculates the Risk Adjusted Return on Capital (RAROC) for credit applications that are priced on a risk-adjusted basis. RAROC calculations are also built into the Credit Appraisal System.

The 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 Group'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 CBUAE issued Basel III capital regulations, which came into effect from 1 February 2017 introducing minimum capital requirements at three levels, namely Common Equity Tier 1 ('CET1'), Additional Tier 1 ('AT1') and Total Capital. The minimum capital adequacy requirements as set out by Central Bank of the UAE are as follows:

- Minimum Common Equity tier 1 (CET 1) ratio of 7% of risk weighted assets (RWAs).
- Minimum tier 1 ratio of 8.5% of RWAs.
- Total Capital Adequacy Ratio (CAR) of 10.5% of RWAs.

Additional capital buffers (Capital Conservation Buffer (CCB) and Countercyclical Capital Buffer (CCyB) - maximum up to 2.5% for each buffer) introduced over and above the minimum CET1 requirement of 7%.

The Group has complied with all the externally imposed capital requirements.

Notes to the Group consolidated financial statements

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36. CAPITAL MANAGEMENT (Cont'd)

36.2 Capital resources and adequacy

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 Central Bank of the UAE regulation for Basel III, the capital requirement as at 31 December 2024 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 52/2017).

	2024 AED'000	2023 AED'000
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	**8,312,504**	6,960,603
Accumulated other comprehensive income	**(461,360)**	(550,354)
IFRS transitional arrangement	**91,791**	108,425
	13,787,386	12,363,125
Regulatory deductions and adjustments	**(300,742)**	(159,903)
Total CET1 capital	**13,486,644**	12,203,222
Additional tier 1 (AT1) Capital (note 19.2)	**2,203,800**	2,203,800
Tier 1 capital	**15,690,444**	14,407,022
Tier 2 capital		
Eligible general provision	**1,233,496**	1,110,055
Tier 2 capital	**1,233,496**	1,110,055
Total regulatory capital	**16,923,940**	15,517,077
Risk weighted assets (RWA)		
Credit risk	**98,679,694**	88,804,371
Market risk	**1,136,166**	1,038,385
Operational risk	**8,900,597**	7,458,217
Risk weighted assets	**108,716,457**	97,300,973
CET1 ratio	**12.41%**	12.54%
Tier 1 ratio	**14.43%**	14.81%
Tier 2 ratio	**1.14%**	1.14%
Capital adequacy ratio	**15.57%**	15.95%

The Capital adequacy ratio calculation is after netting off the proposed dividend distribution from the capital base.

36. CAPITAL MANAGEMENT (Cont'd)

36.2 Capital resources and adequacy (Cont'd)

Risk Weighted Capital Requirement

The Group has adopted the standardized approach for credit risk and market risk and basic indicator approach for operational risk for regulatory reporting purposes. The Group's risk weighted capital requirement for credit, market and operational risk are given below:

i. Risk weights for credit risk

The Group has a diversified funded and unfunded credit portfolio. The exposures are classified as per the Standard Portfolio approach mentioned under Central Bank of the UAE Basel III Capital Adequacy Framework covering the standardized approach for credit risk. The descriptions of the counterparty classes along with the risk weights used to derive the risk weighted assets are as follows:

• Funded exposure

Claims on sovereigns

These pertain to exposures to governments and their central banks. Claims on central banks and sovereigns are risk weighted in accordance with their ratings from acceptable external credit assessment institutions (ECAIs). Exposure to the Federal Government and Emirates Government receives 0% risk weight, if such exposures are denominated and funded in AED or USD. A 0% risk weight is applied to exposures to GCC sovereigns and their central banks only if these exposures are denominated and funded in the domestic currency of that sovereign and the Supervisory authority of that sovereign has adopted such preferential treatment for exposures to its own sovereign and central bank.

Claims on non-commercial public sector entities (PSEs) and government related enterprises (GRE)

Non-Commercial PSEs that are acknowledged by the Central Bank is treated in the same as Claims on Bank. Exposure to all other PSEs that are not included on the Central Bank's list must be treated like exposures to corporates.

Claims on government related entities (entities with greater than 50% government ownership) are risk weighted in accordance with ratings from acceptable ECAIs. Risk weight of 100% is applied on claims on unrated government related entities.

Claims on multilateral development banks (MDBs)

All MDBs are risk weighted in accordance with each bank's credit rating except for those members listed in the World Bank Group which are risk weighted at 0%

Claims on banks

Claims on banks are risk weighted based on the ratings assigned to them by external rating agencies, however, short term claims were assigned more favorable risk weighting.

No claim on an unrated bank would receive a risk weight lower than that applied to claims on its sovereign of incorporation.

Claims on corporate

Claims on corporate are risk weighted in accordance with ratings from acceptable ECAIs. Risk weight of 100% is applied on claims on unrated corporate.

For unrated exposures to Small and Medium-sized Entities (SME) that do not meet the criteria of regulatory retail portfolio, an 85% risk weight is applied.

Claims on regulatory retail portfolio

Retail claims that are included in the regulatory retail portfolio (including SME) are assigned risk weights of 75% (except for those assets that are past due loans), if they meet the criteria mentioned in Central Bank of the UAE Basel III guidelines.

Claims secured by residential property

A preferential risk weight of 35% was applied on claims that did not exceed AED 10 million to a single borrower and the claim was secured by residential property with LTV of up to 85%. If the two criteria cannot be definitively established or met, then if the exposure meets the criteria for regulatory retail claims then a 75% risk weight applies. Other claims secured on residential property were risk weighted 100%.

Claims secured by commercial real estate

100% risk weight was applied on claims secured by commercial property.

Past due loans

The unsecured portion of any loan (other than a qualifying residential mortgage loan) that is past due for more than 90 days, net of specific provisions (including partial write-offs), is risk weighted as follows:

- 150% risk weight when specific provisions are less than 20% of the outstanding amount of loan;
- 100% risk weight when specific provisions are greater than 20% of the outstanding amount of loan.

In the case of residential mortgage, when such loans are past due for more than 90 days it is risk weighted at 100%. All other assets are classified between 'assets under higher-risk categories' and 'others'; and risk weighted at the prescribed risk weights.

• Unfunded exposure

For credit-related contingent items, the nominal value is converted to an exposure through the application of Credit Conversions Factors (CCF). The CCF is at 20%, 50% or 100% depending on the type of contingent item, and is used to convert off balance sheet notional amounts into an equivalent on balance sheet exposure.

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36. CAPITAL MANAGEMENT (Cont'd)

36.2 Capital resources and adequacy (Cont'd)

Risk Weighted Capital Requirement (Cont'd)

i. Risk weights for credit risk (Cont'd)

• Unfunded exposure (Cont'd)

Undrawn commitments to extend credit represent commitments that have not been drawn down or utilized at the reporting date. The nominal amount provides the calculation base to which the CCF is applied for calculating the exposure. CCF range between 20% and 50% for commitment with original maturity of up to one year and over one year respectively and 0% CCF is applicable for commitments which can be unconditionally cancelled at any time.

• Equity Investments in Funds (EIF)

For all equity investments by banks in all types of funds that are held in the banking book (in-scope equity positions), the RWA is calculated as if the bank held the fund's exposures directly rather than indirectly through investment in the fund. The Group has used a hierarchy of three successive approaches i.e. Look-through approach (LTA), Mandate-based approach (MBA) and Fall-back approach (FBA) with varying degrees of risk sensitivity and conservatism, as required in the standards. Further, leverage adjustment to RWA is also incorporated to reflect a fund's leverage appropriately as described in the standards.

• Credit Valuation Adjustment (CVA)

The Group has adopted the standardized approach for calculating risk weighted assets for CVA risk. The process followed by the Group is as follows:

- Exposure at Default (EAD) is calculated based on the Counterparty Credit Risk (CCR) standard.
- Single Name Exposure (SNE) for each counterparty is calculated by multiplying the EAD by the Supervisory Discount Factor (DF) for each netting set.
- Capital is calculated using the formula applicable for Banks.

The final calculation performed is to multiply the capital by 12.5 to derive at the CVA RWA.

ii. Risk weights for market risk

Capital requirement for market risk is calculated using standardized approach. The capital requirement for market risk is analysed into capital requirement for interest rate risk, equity risk, foreign exchange risk and option risk.

iii. Risk weight for operation risk

Capital requirement for operation risk is calculated using basic indicator approach. This capital charge was computed using basic indicator approach by multiplying the three years average gross income by a predefined beta factor.

37. GROUP CONSOLIDATED INCOME TAX

The major component of income tax expense for the year ended 31 December 2024 are:

	2024 AED'000	2023 AED'000
Corporation income tax		
Current year	**295,367**	-
Tax recognised in Statement of other Comprehensive Income		
Current tax in other comprehensive income	**628**	-

The standard rate of corporation tax applied to reported profits is 9% (2023: 0%)

Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses ("Tax Law") was issued on 3 October 2022 and provides legislative basis for imposing federal tax on companies' resident in UAE. Per Article 69 of Tax Law, the corporation tax shall apply to tax period commencing on or after 1 June 2023, therefore the year ended 31 December 2024 is the first taxable period for CBD and its subsidiaries.

The Group's consolidated effective tax rate in the year ended 31 December 2024 is 8.88%. The reconciliation of profit before tax is presented below:

Notes to the Group consolidated financial statements

For the year ended 31 December 2024

37. GROUP CONSOLIDATED INCOME TAX (Cont'd)

	2024 AED'000	2023 AED'000
Net Profit for the year before income tax expense	**3,325,148**	2,650,066
Tax at the company domestic rate of 9% (FY 2023: 0%)	**299,263**	-
Tax effect of income not taxable in determining taxable profit	**(4,099)**	-
Tax effect of expenses that are not deductible in determining taxable profit	**46**	-
Other adjustments	**157**	
Tax expense for the year	**295,367**	-
Effective Tax Rate	**8.88%**	0%

	2024 AED'000	2023 AED'000
Statement of Other Comprehensive Income		
Current tax		
Items that will not be reclassified subsequently to profit or loss:		
Actuarial gain on retirement benefits obligations	**228**	-
Net change in fair value of equity investments (or instruments) at FVOCI	**400**	-
Total income tax recognized directly in equity	**628**	-

38. PILLAR 2

On 24 November 2023, the Ministry of Finance ("MOF") published Federal Decree Law No. (60) of 2023, amending specific provisions of the CT Law to facilitate the future introduction of domestic minimum taxes under Organisation for Economic Cooperation and Development (OECD) Pillar 2 rules. As of 31st December 2024, the Pillar Two legislation has not been yet substantively enacted in the UAE. The MoF is expected to provide further details on the legislation. We are closely monitoring legislative developments and will provide necessary disclosures following further announcements.

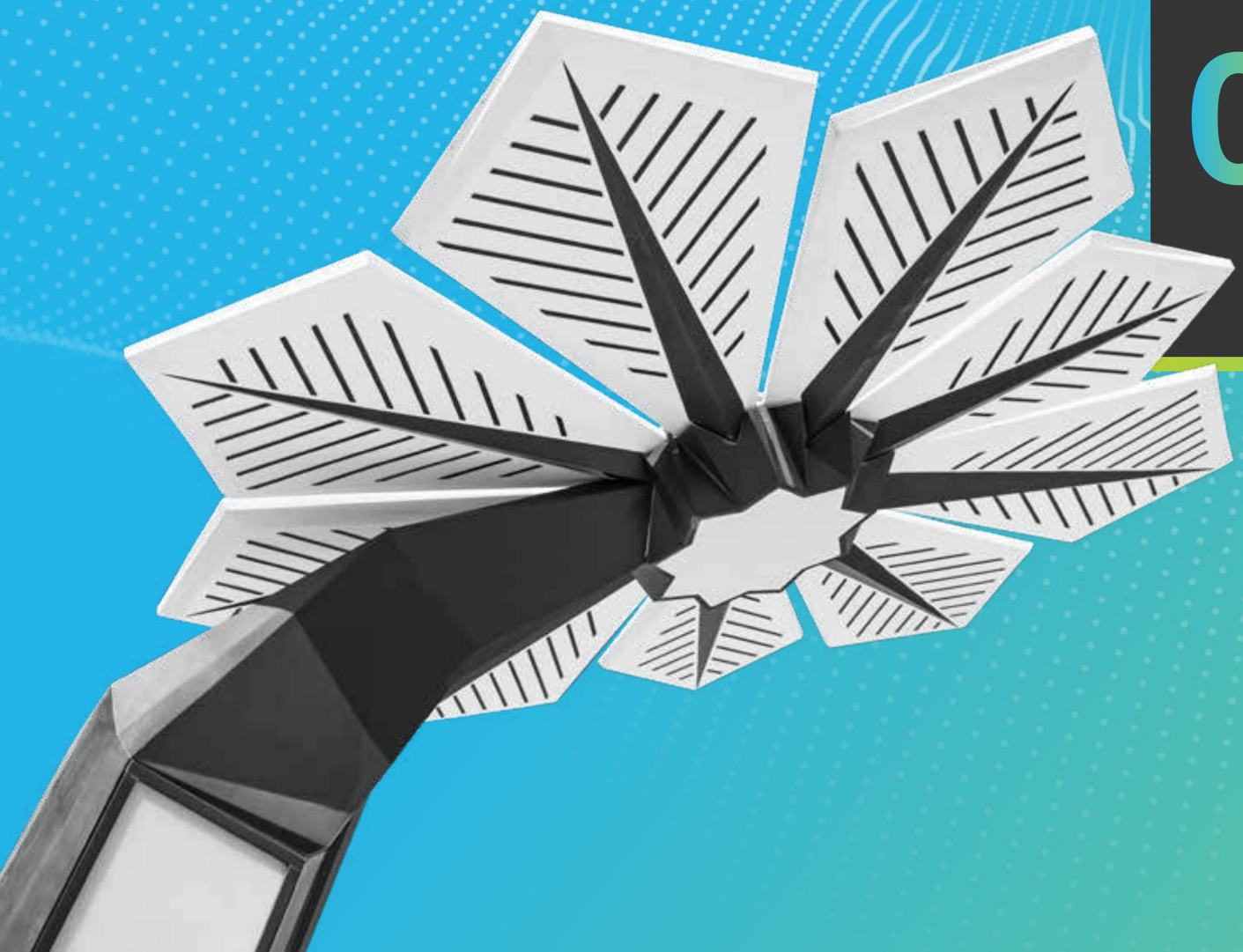
39. COMPARATIVE FIGURES

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

Sustainability

03

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Chairman's Message



I am proud to present Commercial Bank of Dubai's annual sustainability report which showcases the Bank's Environmental, Social and Governance (ESG) practices, progress, and commitments to the nation.

In recent years, the United Arab Emirates (UAE) has emerged as a global leader in sustainability, driven by a vision that harmonises economic growth with environmental stewardship. His Highness Sheikh Mohamed bin Zayed Al Nahyan, President of the United Arab Emirates, marked the UAE National Environment Day 2024 by extending the "Year of Sustainability" in the UAE. This extension built upon the landmark UAE Consensus achieved in COP28, and reflected the ongoing collective commitment to protect and preserve the environment for the benefit of future generations.

The UAE's commitment to sustainability is evident through its ambitious national strategies, most notably its dedication to the **United Nations Nationally Determined Contributions under the Paris Agreement.** To honour its commitments, the UAE has adopted a holistic approach to sustainability, balancing technological innovation with cultural adaptation to create a resilient and eco-friendly society.

All organisations in the UAE have a role to play in progressing the United Nations Sustainable Development Goals and fighting climate change. As an organisation that is backing the ambitions of our proud nation, Commercial Bank of Dubai (CBD) remains committed to operating its business in a sustainable manner, in full compliance with applicable regulations, and in alignment with the UAE's efforts towards sustainable development. We do this by empowering local communities, preserving the environment and, very importantly, supporting our customers as they transition towards the new economy.

In 2024, CBD identified initiatives which needed to be prioritised to respond to the impacts of CBD's operations on society and the environment as well as the impact of these external factors on CBD's shareholder value. We are proud of the progress made on these initiatives, but we are equally cognisant that 2024 was only another mile in our journey in support of the UAE Net Zero by 2050 initiative, and that there is more to be done to honour our commitments.

This report outlines the progress made across the pillars of our ESG Framework by emphasising the key achievements and commitments across our material initiatives.

Thank you to our shareholders, customers, employees, and the communities we serve for your loyalty and faith in us. As we reflect on the extended Year of Sustainability, we are reminded that community collaboration and alignment are crucial to the sustainability of the planet for our future generations. I look forward to more engagement with our customers and other stakeholders, as we progress on our sustainability agenda and honour our commitments.

Ahmad Abdulkarim Julfar
Chairman

Message from the CEO



Sustainability is an important component of CBD's business strategy and long-term planning. During 2024, we continued the transformational changes required to ensure that CBD progressed its material sustainability initiatives. We prioritised those initiatives where we perceived the greatest environmental and societal impacts. Some of the highlights from 2024 are listed below:

- We embedded sustainability within our strategy by assigning ESG KPIs to Executive Committee (EXCO) members and by redefining ESG and Climate Risk appetite statements.
- We took significant strides in improving our ESG disclosures and improved our ESG ratings across ESG ratings agencies.
- We joined the Partnership for Carbon Accounting Financials (PCAF) to support our measurement and disclosure of greenhouse gas (GHG) emissions.
- We issued our first Green Bond Allocation and Impact Report, which highlighted the full allocation of eligible green assets and avoidance of 101,778 tCO2e per year.
- We were awarded the "Best Financial Institution Green Bond in EMEA".
- We received four Leadership in Energy and Environmental Design (LEED) Gold certifications for our owned buildings in our core locations.
- We introduced recycled credit and debit cards to customers for new card issuances, as well as card replacements and renewals.
- We were awarded the Dubai Chamber's Centre for Responsible Business ESG Label, in recognition of our focus on the adoption of sustainable business practices.
- We co-authored a thought leadership report with PwC to highlight the importance of sustainability considerations in meeting the growing expectations of customers.
- We launched a "GreenGrowth Account" which enables our personal banking customers to grow their savings while we grow mangroves on their behalf.
- We completed energy audits for our primary buildings and selected a vendor to support us in installing solar panels across select buildings in 2025.
- We delivered in line with our sustainable finance commitment.
- We again sponsored the Dubai Future Sustainability Forum hosted by the Dubai International Financial Centre (DIFC), taking a leading role in discussions shaping a sustainable tomorrow.

Our sustainability journey continued to be governed by our ESG Council, and regular updates were presented to the Bank's Board of Directors. I am proud of our continued progress in 2024, and acutely aware that this pace of change must be maintained.

We welcome recent announcements from the UAE Government such as the UAE's Third Nationally Determined Contribution (NDC), making the UAE the first country in the world to submit NDC3.0 to the United Nations. The UAE is taking a global leadership role on the path to Net Zero. As the Bank that is backing the UAE's ambitions, we remain committed to ensuring that CBD continues to provide unwavering support to the UAE as it delivers on its goals.

Dr. Bernd van Linder
Chief Executive Officer

About this Report

Purpose

The CBD 2024 Sustainability Report complements the Bank's 2024 Annual Report and 2024 Corporate Governance Report, providing additional information on our sustainability strategy, approach, and performance in 2024, along with our plans and ambitions for 2025. With this report, we aim to provide transparency to our stakeholders on how we effectively manage material ESG risks and opportunities to safeguard the long-term success of our business. We also aim to highlight the externalities associated with the Bank's activities. In doing so we not only outline how we are managing the financial risks facing the Bank, but also how the Bank's activities are impacting upon the environment and society. We remain on a journey to embed sustainability into the core of how we operate. This report reflects what we have achieved so far and sets out what is yet to come.

Reporting Standard

This report was prepared in accordance with the national and local reporting standards including the Dubai Financial Market ESG reporting guidelines and the UAE Securities and Commodities Authority (SCA) sustainability disclosure requirements. In addition, the Central Bank of the UAE's (CBUAE) Sustainability-related Disclosure Principles, Global Reporting Initiative Standards, United Nations' Sustainable Development Goals (UN SDGs), and International Financial Reporting Standards (IFRS) Sustainability Standards have all informed our disclosures.

Scope

The report covers the Commercial Bank of Dubai PSC and all its material subsidiaries. The data and information presented in this report represent activities that occurred in the 2024 fiscal year (1 January 2024 to 31 December 2024), with a few highlighted exceptions.

CBD at a Glance

Our Story

For 55 years, CBD has had the privilege of operating in, and serving the people and corporations of the UAE. We have retained this license through an unending commitment to our corporate and social responsibility initiatives. However, in recent years, the stakes have risen. In order to remain a sustainable business in the evolving operating landscape, additional focus is required on the environmental and social implications of our own activities and those of our customers and partners. Retaining our social license requires us to hold ourselves to account for the impact we as an organisation are having on future generations. It requires us to become, and remain, a sustainable business. Becoming a sustainable business is a key ingredient for long-term success as it builds a foundation of trust and cooperation between us and the communities we serve, ultimately leading to a more sustainable future for all.

Our Purpose

Backing the Nation's Ambition

Our Vision

To be the Best Bank for our Customers

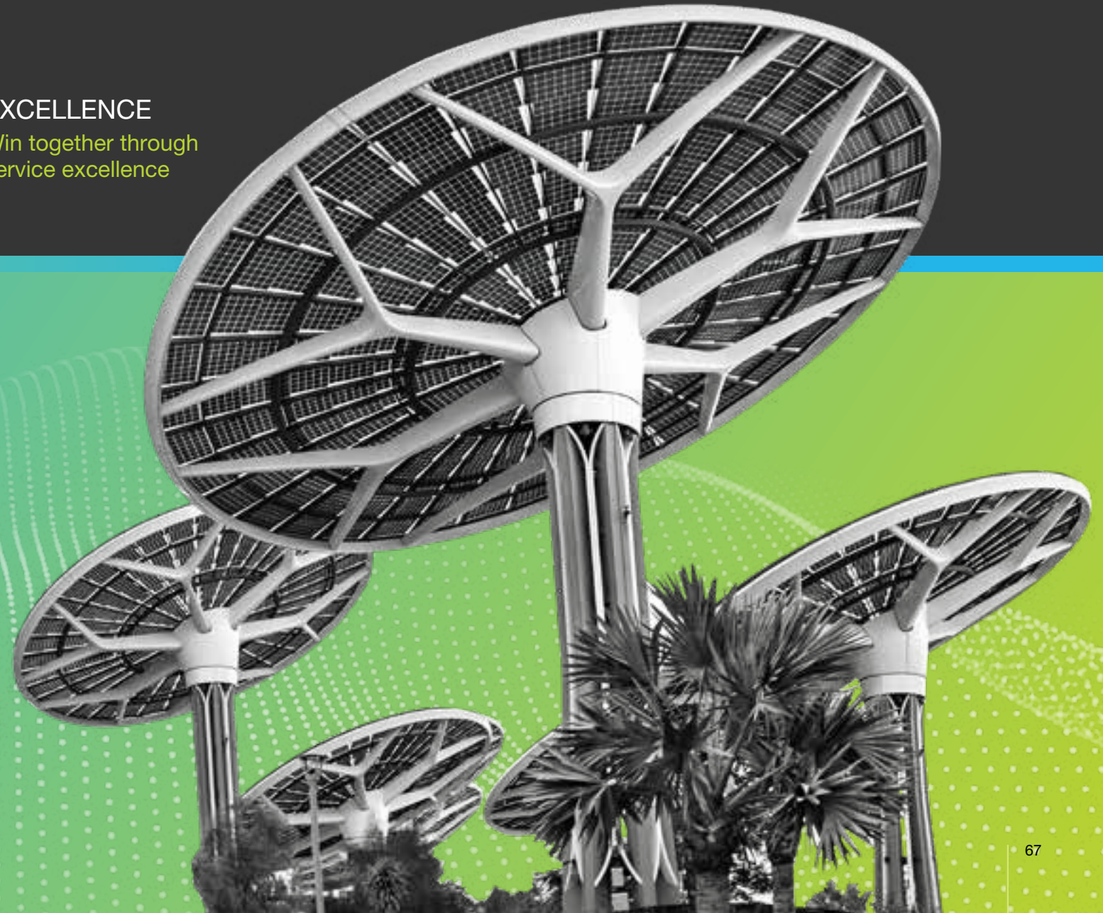
Our Values

COLLABORATION
One bank together now

OWNERSHIP
What we say, we do

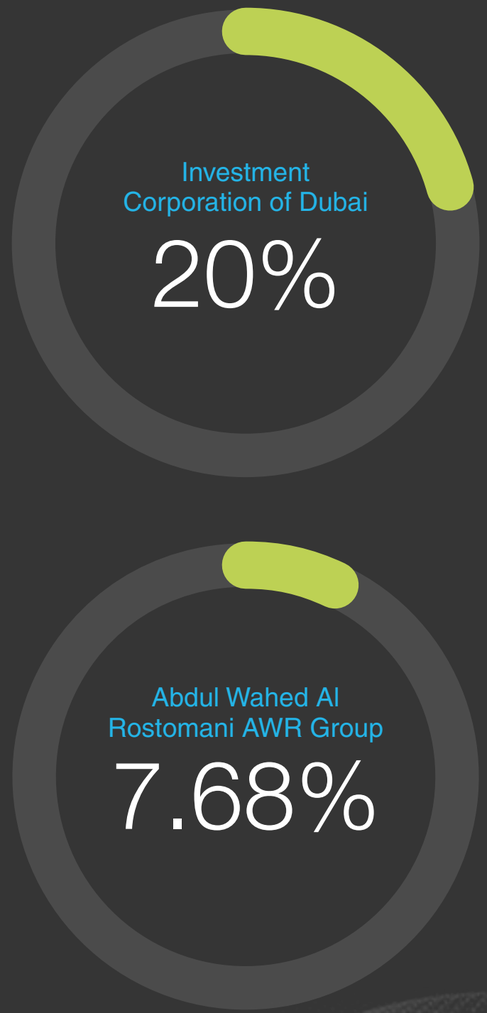
DELIVERY
Drive flawless execution through effective planning

EXCELLENCE
Win together through service excellence

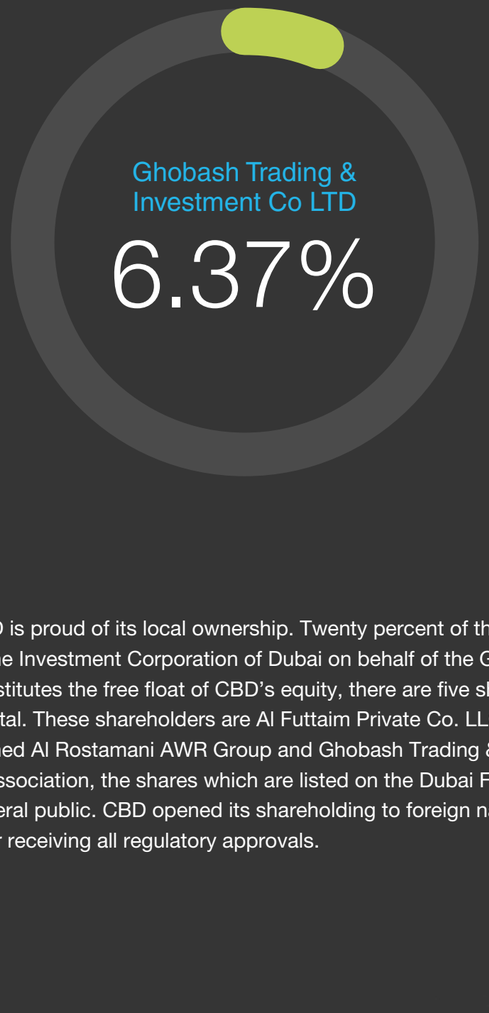


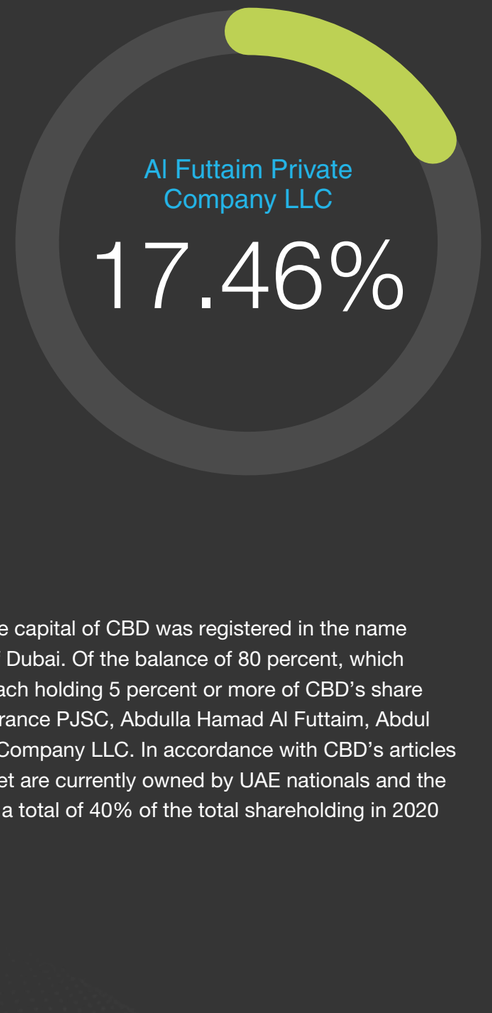
Ownership Structure

CBD's Shareholders









CBD is proud of its local ownership. Twenty percent of the issued share capital of CBD was registered in the name of the Investment Corporation of Dubai on behalf of the Government of Dubai. Of the balance of 80 percent, which constitutes the free float of CBD's equity, there are five shareholders each holding 5 percent or more of CBD's share capital. These shareholders are Al Futtaim Private Co. LLC, Orient Insurance PJSC, Abdulla Hamad Al Futtaim, Abdul Wahed Al Rostamani AWR Group and Ghobash Trading & Investment Company LLC. In accordance with CBD's articles of association, the shares which are listed on the Dubai Financial Market are currently owned by UAE nationals and the general public. CBD opened its shareholding to foreign nationals up to a total of 40% of the total shareholding in 2020 after receiving all regulatory approvals.

CBD Overview

1,187 EMPLOYEES

43% FEMALE EMPLOYEES

38% UAE NATIONALS

Key Subsidiaries

CBD Financial Services LLC

Customer Segments

Institutional Banking

Corporate Banking

Personal Banking

Geographic Footprint

12 Branches across the UAE



Customers

89% of corporate customers digitally registered in 2024.

96% of retail customers digitally registered in 2024.

Key Financials

	2022	2023	2024
Net profit before tax (AED Mn)	1,825	2,650	**3,325**
Net profit after tax (AED Mn)	1,825	2,650	**3,030**
Operating income (AED Mn)	3,812	4,938	**5,491**
Return on equity (before tax)	15.99%	21.23%	**23.48%**
Total assets (AED Bn)	116.2	129.0	**140.2**
Return on Assets (before tax)	1.58%	2.16%	**2.47%**

ESG Ratings

Bloomberg — CBD significantly improved its Bloomberg ESG Score to be rated “Above Median” amongst commercial banks.

S&P Global — CBD scored 37 (out of 100) in the 2024 S&P Global Corporate Sustainability Assessment (CSA Score as of 31/01/2024).

Our Sustainability Partnerships & Awards

CBD firmly believes in the importance of partnering with organisations that share our sustainability ambitions. Some of our awards and commitments made as part of these partnerships are listed below:

Al Majra
Silver Seal Impact Winner

CSO Network
Address and overcome challenges to sustainability in the UAE

Dubai Chamber of Commerce
ESG Label Certificate of Appreciation

Dubai Department of Economy & Tourism
Enabling SMEs and investors to open bank accounts easily

Dubai International Financial Centre
Member of Dubai Sustainable Finance Working Group

General Directorate of Residency and Foreigners' Affairs (GDRFA)
Collaborative efforts and accomplishments of various entities in supporting GDRFA's initiatives

Goumbook
GreenGrowth Account in support of the UAE's commitment to plant 100 million mangroves by 2030

Ministry of Climate Change and Environment
Responsible Companies Pledge designed to increase the engagement of the private sector in the country's decarbonisation drive, in line with the UAE Net Zero 2050 Strategic Initiative

Partnership for Carbon Accounting Financials (PCAF)
Measure and disclose the GHG emissions associated with our portfolio of loans and investments within a period of three years using jointly developed carbon accounting methodologies, in order to ultimately enable the alignment of our portfolio with the Paris Climate Agreement

UAE Banks Federation
Member of Sustainable Finance Committee

United for Wildlife (UFW) Financial Taskforce
Mansion House Declaration to improve the identification and reporting of illegal wildlife trade crimes



Our Approach to ESG

2024 Sustainability Performance Highlights

In 2024, we celebrated key milestones across our revised four-pillar ESG Framework:

Environment

Inaugural Green Bond Report published, highlighting full allocation of assets and more than **100,000 tonnes of avoided CO2e emissions**

4 Energy Audits completed for primary buildings

Signed up to **PCAF**

Climate risk management embedded into CBD's risk management framework, and Climate Risk and Environmental and Social Risk Appetite Statements defined and operationalised

4 LEED Gold Certifications obtained for 4 primary buildings

People

Emiratisation

38%
CBD workforce are UAE Nationals
(of whom 72% are female, and 28% male)

43%
Female employees

35
Tumoo7 graduates onboarded in 2024

3
NAFIS awards
received in recognition of our commitment to nurturing Emirati talent

Community

Customer Experience

3 awards at the MEA Finance Leaders in Payments Awards Ceremony:
- Best Instant Payments Technology Solution
- Best Innovation in Payments Technology
- CBD's CIO was named Payments Technology Executive of the Year

4 awards received at the IBS Intelligence Awards:
- Best Digital Channel Platform Implementation
- Best Retail Payments System Implementation
- Most Effective Cybersecurity Deployment
- Best Payment Hub / Wholesale Payments Implementation

2 awards received at the Asian Banker Awards:
- Best Anti-Money Laundering Technology Implementation
- Best Mobile Banking Technology Implementation

18 charities and community organisations supported.

Presenting Sponsor for the Future Sustainability Forum in partnership with DIFC.

Governance

57 meetings held by the Board and its subcommittees

Regular Board-level updates provided on **Sustainability and Climate Risk**

Published policy updates on the Corporate Governance page of CBD's website

45%
5 independent directors

9%
1 female director

Our Approach to ESG

An Interview with CBD's Chief Sustainability Officer

Othman Bin Hendi, Chief Sustainability Officer



Where is CBD on its sustainability transformation journey?

Since CBD initiated its sustainability transformation journey in 2022, we have consistently reminded ourselves that we are running a marathon and not a sprint. No other transformational programme in the Bank's history has had such a long-term outlook and carried such responsibility. We are backing the nation's sustainability ambitions and these ambitions are very grand, world-leading and almost intimidating - especially the commitments reflected in the UAE's Net Zero 2050 strategic initiative. We need to stay the pace and play our part. Our commitment is unwavering.

What were your key sustainability highlights from 2024?

I am privileged to fulfil a dual role in CBD, as both, Chief Sustainability Officer and Chief Customer Officer. While at first glance the synergies between both roles may not be apparent, the reality is that our customers are at the very centre of our sustainability initiatives. Their transition paths are becoming clearer, and we are there to support them. On the Wholesale Banking side, this support has been largely provided in the form of sustainable finance. One very proud moment for me was accepting the award for the "Best Green Bond in EMEA", in London. On the Personal Banking side, we have recognised the importance of empathising with our customers on sustainability matters. We continue to evolve our Personal Banking product offering to factor sustainability features. In October 2024, we were very proud to launch our "GreenGrowth" account, an account which enables our customers to grow their savings while we grow mangrove trees on their behalf.

How do you see the sustainability landscape changing in 2025?

During 2024, we have witnessed further world-leading commitments from the UAE such as the NDC3.0. Furthermore, the Federal Decree 11 of 2024 announced that it will be mandatory for both public and private companies in the UAE to reduce their GHG emissions. The CBUAE has issued principles for sustainability-related disclosures, Islamic sustainable finance principles, and principles for the effective management of climate-related financial risks. There is no doubt that the evolving regulatory landscape will drive further strategic and operational changes for us, and our customers. I believe that we are prepared for this and have already laid solid foundations to ensure that we continue to comply with a broadening set of sustainability-related regulations.

Our Approach to ESG

CBD's Sustainability Journey

Year 2021

ESG Framework defined.

Year 2022

ESG materiality assessment completed.
Roadmap developed to integrate climate risk into ERM framework.
Sustainability control check established in procurement process.
Electric vehicle and solar panel loans launched for personal banking customers.
Internal climate efforts include dedicated recycling bins and water dispensers.

Jan 2023

Sustainability embedded into the Bank's strategic enablers.

Feb 2023

Sustainable Financing Framework and Second Party Opinion published.

Apr 2023

Sustainability training rolled out to all colleagues.

May 2023

Sustainable Finance training rolled out to Wholesale Coverage and Credit teams to support revised credit process.

Jun 2023

Successful issuance of inaugural USD 500m Green Bond.

Sep 2023

GHG baseline of own operations and financed emissions and commitment to carbon neutral operations by 2030.

Oct 2023

Co-sponsored Dubai Future Sustainability Forum with DIFC, and organised 1st Sustainability Hackathon.

Signed the UAE Climate-Responsible Companies Pledge.

Nov 2023

Signed up to the UFW's Declaration to help in the fight against illegal trade in wildlife.

Part of AED 1 trillion commitment in sustainable finance by 2030 announced at COP28.

Feb 2024

Announcement of Shariah-compliant sustainability-linked facilities for mall operator.

Announcement of sustainable finance facility for construction of solar park.

Mar 2024

Endorsement of the Sustainable Finance approach by ESG Council.

Training sessions to upskill employees on the revised environmental and social risk assessment process for credit applications.

May 2024

Publication of Green Bond Report, and awarded the Best Green Bond by a Financial Institution in EMEA.

Key sponsor of the Dubai Fintech Summit.

Jun 2024

Announcement of term loan facility to support the acquisition of 6 LEED certified commercial buildings.

Jul 2024

Climate Risk and Opportunities training for Executive Team.

Aug 2024

Issuance of recycled credit and debit cards.

Oct 2024

Achieved 4 LEED Gold Certifications for own buildings.

Announcement of project finance debt for the development of railway network.

Nov 2024

Launched GreenGrowth Account featuring a mangrove in partnership with Goumbook.

Signed up to PCAF.

Dec 2024

Presenting Sponsor of the Dubai Future Sustainability Forum.

Our Approach to ESG

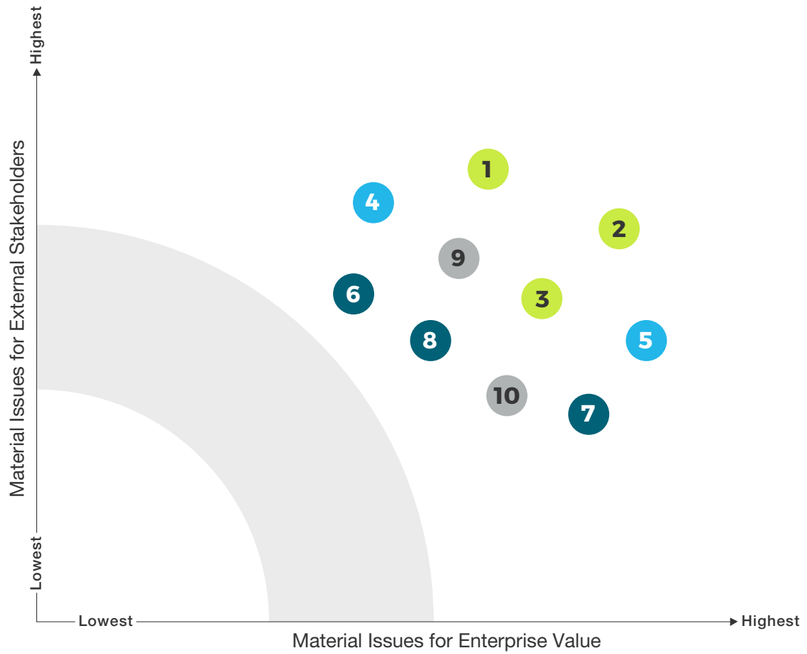
Materiality Assessment

In 2024, we reviewed our ESG Materiality Assessment, which was first completed in 2022, and which was subsequently revised in 2023. We identified opportunities for the consolidation of our initiatives[1] to reflect the most material topics to our stakeholders. This gave rise to a simplified four-pillar ESG Framework.

2024 ESG Framework

Environment	People	Community	Governance
Purpose: Taking responsibility for our value chain	**Purpose:** Ensuring a resilient workforce	**Purpose:** Recognising our role in society	**Purpose:** Protecting our stakeholders
Our Material Initiatives: 1. Climate Risk Management 2. Sustainable Finance 3. Responsible Operations	**Our Material Initiatives:** 4. High Performance Culture 5. Attract and Retain Talent	**Our Material Initiatives:** 6. Customer Protection 7. Customer Experience 8. Community Impact	**Our Material Initiatives:** 9. Corporate Governance and Ethics 10. Cyber Security
Our Mapping to UN SDGs			
			

2024 ESG Materiality Matrix



All 10 material topics are incorporated into our overall sustainability approach, and thus we are committed to disclosing our performance and progress on each of these topics in our sustainability reports. We strive for transparency as we take accountability for the material initiatives that we report on.

1 Refer to Appendix A for material initiative mapping from 2023 to 2024.

Our Approach to ESG

Sustainability Governance

CBD's Board of Directors and EXCO provided oversight on the Bank's sustainability initiatives, receiving periodic updates on progress and performance for material topics.

All sustainability initiatives are governed by the Bank's ESG Council. The ESG Council is co-chaired by the Chief Risk Officer and Chief Sustainability & Customer Officer, and includes representatives from the Sustainability, Human Resources (HR), Wholesale Banking, Finance, and Operations teams. The ESG Council provides updates to the EXCO and the Board Strategy Committee, as well as the Board of Directors and other Board Committees, as required. The ESG Council met a total of four times in 2024. Thirty-six distinct action points were tracked by the ESG Council during the year.

CBD's ESG Council Members



Othman Bin Hendi
Chief Sustainability & Customer Officer
Chairman ESG Council



Rupert Rogers
Chief Risk Officer
Chairman ESG Council



Rana Beydoun
Head of Financial Institutions
Member ESG Council



Celeste Ang
Head of Finance
Member ESG Council



Adam Scott
Head of Talent Acquisition
Member ESG Council



Mandeep Virk
Head of Business Planning
Member ESG Council



Eoin Daly
Head of Sustainability
Secretary ESG Council



ESG Council Terms of Reference (high-level mandate)

The ESG Council is responsible for the controlled delivery of material ESG initiatives and the monitoring of related KPIs. Other responsibilities include:

- Steer the implementation of the Bank's ESG strategy, policy, and sustainable finance practices.
- Approve the plan to implement ESG initiatives to achieve the objectives of the ESG strategy.
- Report to EXCO on the progress of ESG initiatives.
- Monitor the progress of ESG initiatives and the ESG risk culture of the Bank.
- Approve the Sustainable Finance Product Framework and endorse new sustainable finance products.
- Review and approve the selection of eligible green loans for inclusion in the Eligible Green Loan Portfolio.
- Monitor external reviews (Second Party Opinion Provider and Independent Verifier) and deal with external advisor(s).
- Review and approve the annual Sustainability and Sustainable Finance reports.
- Monitor the evolution of Sustainable Finance regulations and update the CBD Sustainable Finance Framework to the extent necessary.
- Coordinate with business units, as required, to achieve the objectives of the above mandate.

Other management committees provide oversight into specific sustainability initiatives that are aligned with their respective areas of accountability.

Additionally, ESG risk and climate risk appetites are tracked and reported to the Bank's Risk Management & Compliance Committee (RMCC) and Board Risk & Compliance Committee (BRCC) and to the Board. Climate risk management has been embedded into the Bank's ERM framework and has been identified as a "Top Emerging Risk" and is reported to the RMCC, BRCC and the Board.

Our Sustainability Governance Model	
Board of Directors	Protecting the interests of all our stakeholders and promoting the long-term sustainability of the Bank.
Board Strategy Committee	Provides board-level oversight on the Bank's sustainability transformation and performance.
EXCO	Provides executive-level oversight of the Bank's sustainability transformation and performance, and makes key decisions on the Bank's ESG initiatives.
ESG Council	Responsible for driving the Bank's sustainability transformation, the controlled delivery of material ESG initiatives and monitoring of related ESG Key Performance Indicators (KPIs).
Sustainability Team	Responsible for the day-to-day execution of sustainability initiatives.

Other Select Committees	
Board Risk & Compliance Committee	A standing committee of the board that provides oversight on risk appetite statements and key and emerging risks, including climate risk.
Risk Management & Compliance Committee	Provides executive-level oversight on emerging environmental and social risks and the implementation of suitable risk mitigation strategies across the business.
HR Committee	Provides oversight on the CBD People pillar of CBD's ESG Framework, and the implementation of strategic HR initiatives.
Assets and Liabilities Committee	Responsible for final approval of the eligible Green Bond loan portfolio, monitoring the allocation of green bond net proceeds, and ensuring ongoing compliance with the CBD Sustainable Finance Framework.

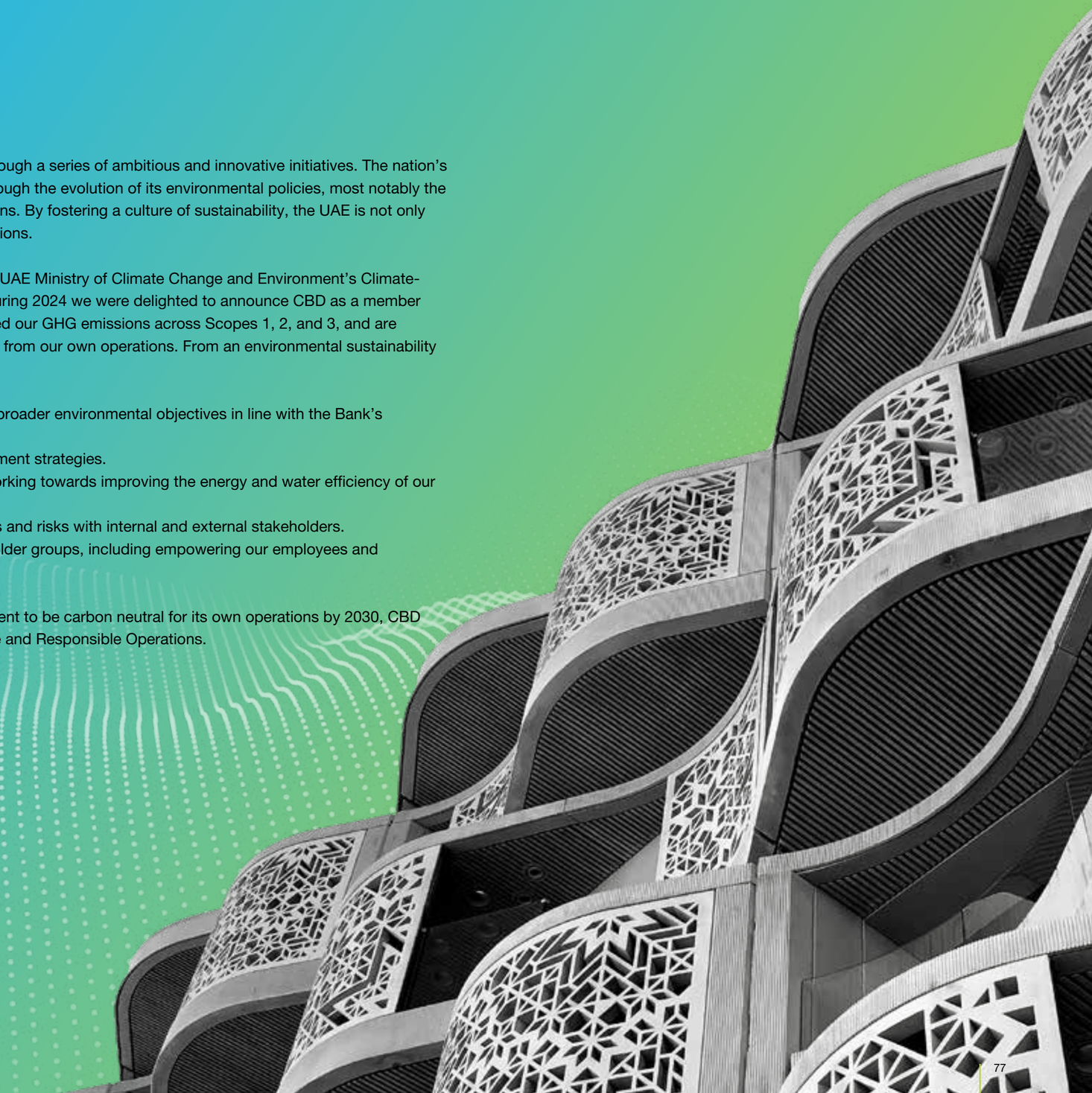
Environment

In 2024, the UAE continued to demonstrate its unwavering commitment to environmental sustainability through a series of ambitious and innovative initiatives. The nation's dedication is particularly evident in its substantial investments in renewable energy projects, as well as through the evolution of its environmental policies, most notably the announcement of Federal Decree 11 of 2024 which mandates GHG reduction and reporting by organisations. By fostering a culture of sustainability, the UAE is not only preserving its natural heritage but also setting a benchmark for sustainable development for future generations.

CBD supports the UAE's "Net Zero by 2050" strategic initiative and is proud to be a signatory of both, the UAE Ministry of Climate Change and Environment's Climate-Responsible Companies Pledge, and the United for Wildlife's Mansion House Declaration. Furthermore, during 2024 we were delighted to announce CBD as a member of PCAF and are committed to fulfilling the obligations associated with this membership. We have baselined our GHG emissions across Scopes 1, 2, and 3, and are committed to achieving carbon-neutral operations by 2030, by prioritising the reduction of GHG emissions from our own operations. From an environmental sustainability perspective, we are committed to:

- Supporting projects and businesses that are transitioning to a low-carbon economy or contributing to broader environmental objectives in line with the Bank's Sustainable Financing Framework and sustainable finance practices.
- Integrating environmental considerations into our operations, decision-making, and lending and investment strategies.
- Reducing emissions, pollution, water and waste from our own operations. Importantly, this includes working towards improving the energy and water efficiency of our buildings.
- Providing complete, transparent, and timely reporting on our environmental performance, opportunities and risks with internal and external stakeholders.
- Promoting environmental awareness and environmental stewardship with internal and external stakeholder groups, including empowering our employees and encouraging our customers and suppliers to take positive action.

In recognition of the Bank's responsibility to back the UAE's climate ambitions and to honour its commitment to be carbon neutral for its own operations by 2030, CBD made significant progress across three material initiatives: Climate Risk Management, Sustainable Finance and Responsible Operations.



Environment

Climate Risk Management

Our Approach and Progress

Climate risk is a subset of environmental risk. Climate risk is defined as the risk of any negative financial and non-financial impact on the Bank due to current or future impacts of climate change, including physical and transition risk factors, on the Bank's own operations, counterparties or invested assets.

Physical risk is the risk of any negative financial impact resulting from climatic events, such as economic losses from storms, floods, droughts and wildfires. Physical risks are both acute and chronic. Physical risks also include unprecedented systemic risks, as crossing certain tipping points could cause irreversible impacts and lead to catastrophic outcomes to the climate and the economy.

Transition risk is the risk of any negative financial impact from the transition to a low carbon economy, including extensive policy, legal, technology and market changes to mitigate and adapt to climate change.

CBD recognises that climate risk is both, a standalone risk type and materialises through traditional risk types. As part of the exercise to embed climate risk within CBD's Risk Management Framework, CBD's climate risk management governance, techniques, and initiatives were mapped against an ESG framework developed with the support of an external agency.

Climate Risk Regulatory Developments

In November 2023, the CBUAE published "Principles for the Effective Management of Climate-related Financial Risks", with seven principles:

- Oversight and responsibility of climate-related financial risk exposure
- Incorporation of climate-related financial risk exposures into overall business strategy
- Assigning climate-related financial risk management responsibilities within the organisation
- Incorporation of climate-related financial risks into risk management framework
- Monitoring and reporting of climate-related financial risks
- Incorporation of climate-related financial risks into capital and liquidity adequacy processes
- Scenario analysis of climate-related financial risks

We reviewed these principles and completed a gap analysis to identify areas where CBD should improve its alignment with the principles. Throughout 2024, CBD implemented climate risk management process improvements to address the identified gaps, and welcomed increased interaction with the CBUAE on the subject. Some of these improvements are set out in the following subsections.

Additionally, in 2024, the Bank was subject to a climate risk thematic review by the CBUAE. A set of actions were identified from the review. The Bank's Internal Audit team is tracking the completion of these actions.



Climate Risk Strategy

CBD's approach to climate risk management is primarily focussed on managing indirect risks arising from clients and counterparties, including but not limited to risks linked to counterparty business models, management practices, and geographic footprint.

During 2024, CBD broadened and enhanced the risk appetite statements covering ESG risks. A standalone Climate Risk Appetite Statement was defined. CBD uses the "Environmental risk" ratings in the European Bank for Reconstruction and Development (EBRD) Environmental and Social Risk Categorisation List as a proxy for climate transition risk. While EBRD's environmental risk rating is based on broader environmental impacts than carbon emissions alone, carbon intensive sectors are well represented in the list of EBRD sectors with a high environmental risk rating. Two adjustments are applied to the climate risk appetite calculation.

The EBRD environmental risk ratings do not capture climate physical risk. Considering these limitations, the ERBD environmental risk ratings provide only an interim solution for CBD.

Climate Risk Governance

In recognition of the potential impact of climate risk on the financial system, we have continued to report on climate risk as a top emerging risk to the Bank's BRCC, who continue to oversee the management of this risk.

Additionally, climate risk appetite is monitored monthly and reported to CBD's Enterprise Risk Management team for onward reporting to the Bank's RMCC and the BRCC. Climate risk in wholesale banking loans is also reported on a standalone basis and communicated to the General Managers of the Wholesale Banking team, in addition to the Head of Wholesale Credit monthly.

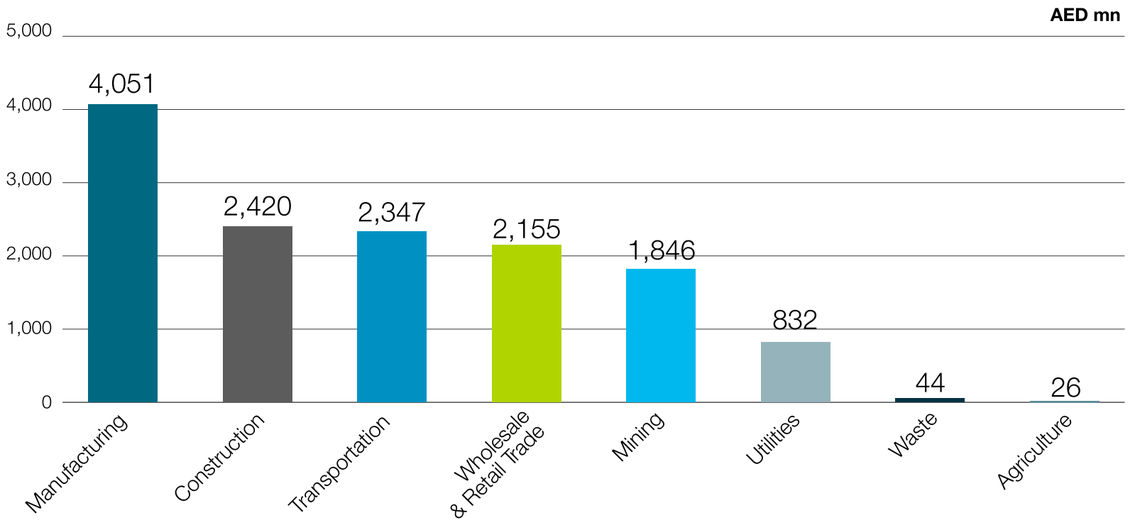
ESG remained a strategic enabler for CBD during 2024. Eight ESG updates were reported to CBD's EXCO. Climate risk formed a core part of each update. CBD's ESG Council convened quarterly in 2024. Climate risk was regularly a key discussion item, particularly in the context of sustainable finance, or as a key sub-set of ESG risk or in the context of an evolving regulatory mandate. Climate risk reports were prepared by the Sustainability team as inputs for the ESG Council for consideration and decision-making as required.

Additionally, a monthly reporting process was initiated in June 2024 to update the General Managers of the Wholesale Banking Group and the Head of Wholesale Credit on:

1. Asset exposure to climate risk and supporting trends broken down by:
    - Business segments
    - Industries
2. Top asset increases
3. High climate risk customer outreach status
4. Control testing on climate risk assessments

The Pan-Bank Asset Exposure to Climate Risk as at year-end 2024 is 14%. The Wholesale Banking Asset Exposure to Climate Risk as at year-end 2024 is 18%. A segment level view is illustrated below.

High Climate Risk – Lending & Advances Portfolio Industry Break-down



To ensure that CBD's Board and EXCO are suitably upskilled on climate risk to fulfil their respective duties, dedicated training sessions were held for them. In the case of Board training, CCL Academy provided climate risk training which covered:

- Understanding climate change risk and its impact on banks
- Basle and other publications on climate risk
- The Central Bank's expectations
- The Board's responsibilities

For the EXCO, the training was completed by PwC and focussed on:

- Climate Change
- Regulations
- How banks are responding
- Climate Opportunities
- Discussions



Climate Risk Stress Testing

The Financial Stability department of the CBUAE introduced Climate Risk Scenario Analysis in 2023, as part of the annual stress testing process. To support this analysis, the CBUAE shared guidance for transition risk and physical risk scenarios, with transition risk scenario analysis mandatory for all the UAE-based banks and physical risk scenario analysis optional. CBD applied CBUAE guidance to forecast the impact of transition risk on ratings, probability of default, and loss given default for its top 20 non-financial corporate clients from a pre-defined list of climate sensitive economic sectors. In 2024, following a gap analysis of the CBUAE's "Principles on Climate Risk," it was determined that Transition Risk Stress Testing should be extended to all WBG customers. The impact was calculated across six scenarios (three NGFS transition risk scenarios[2] X two target years: 2030, 2040). The output of the analysis informed the Bank's Pillar II capital allocation process.

Additionally, CBD participated in an exercise which was coordinated by the CBUAE and focussed on the physical climate risk posed to real estate assets. A comprehensive data gathering exercise was undertaken to share data points such as latitude and longitude coordinates and points of elevation for properties.

Climate Risk Assessments

During 2024, we launched the second phase of our climate risk credit assessment approach. Phase two focussed on strengthening and streamlining our operations. It included enhanced exclusion and restricted lending lists, as well as supporting information databases and technology solutions to enable our front-line colleagues to conduct the initial screening at the counterparty and transaction level. This decentralisation of the climate risk assessment enabled frontline colleagues to self-complete the risk assessment without direct involvement of the Sustainability team on individual assessments. The Sustainability team continues to oversee the end-to-end process and conducts enhanced due diligence on specific customers and transactions, as required.

Customer Outreach

Customer outreach is an important risk management tool for CBD. During 2024, based on the EBRD defined climate risk profile for CBD's wholesale banking loans and our financed emissions baseline, a Pareto Analysis was undertaken to identify the "high climate risk" wholesale banking customer exposures with the largest loans. Eighty percent of the high climate risk wholesale banking loans were extended to twenty-two percent of high climate risk customers. A customer outreach programme was initiated to support these customers on their transition journeys. Depending on the transition maturity of the customer, the meetings focussed either on sustainability and/or on sustainable finance.

What's Next?

CBD will comply with regulatory mandates issued by the CBUAE, and intends to further develop our climate risk appetite statement and evaluate technology-enabled solutions for climate risk management. During 2025, we will leverage our membership in PCAF to enhance our decision-making based on consistent and comparable emissions data that provide CBD's stakeholders with greater insight. We look forward to disclosing our financed emissions in future sustainability reports and to setting reduction targets in consideration of the International Energy Agency's Net Zero Emissions scenarios and in alignment with the UAE's Net Zero ambitions and the Paris Agreement. We will also consider expanding upon our financed emissions baseline by including additional sectors where CBD has material exposure, such as commercial and residential real estate.

2 The three Network of Central Banks and Supervisors for Greening the Financial System scenarios for transition risk are: Current Policies (+3.0oC), Net Zero 2050 (+1.5oC) Delayed Transition (+2.0 oC)

Environment

Sustainable Finance



Our Approach and Progress

As a leading financial institution in the region, CBD is committed to fostering sustainable development through its financing activities. CBD has integrated sustainability principles into its advice, investments and financing services, ensuring that the Bank contributes positively to the environment and society.

Financial institutions have an important role to play in tackling climate change. It has become increasingly clear that societal value and negative externalities need to be adequately accounted for in financial markets. Consequently, we must find ways to consider environmental and social benefits and costs when making investment and financing decisions. We made it a priority in 2024 to accelerate our sustainable finance capabilities to back our customers' sustainability ambitions. The focus this year was on upskilling front office staff who engage with our largest customers. However, our ambition is to enable all employees to understand and promote sustainable finance at the Bank.



Sustainable Finance Statement



Sustainable Finance Framework (SFF)



Second Party Opinion from ISS ESG

Sustainable Finance Statement

CBD integrates sustainability considerations into its financing activities through a comprehensive approach that includes appropriate due diligence and risk assessment ahead of a transaction, along with monitoring and reporting of sustainable finance upon transaction completion. A detailed description of the Sustainable Finance Policy Statement is available on our website.

Sustainable Finance Framework (SFF)

In 2023, the Bank laid the foundation for its sustainable finance capability journey by publishing the CBD Sustainable Finance Framework. This framework was designed in alignment with the International Capital Market Association (ICMA), Green Bond Principles (GBP) and Social Bond Principles (SBP), as well as the Loan Syndications and Trading Association, the Loan Market Association, and the Asia Pacific Loan Market Association Social Loan Principles (SLP).

CBD also successfully obtained a Second Party Opinion from ISS ESG who independently verified the quality of CBD's Sustainable Finance Framework in alignment with the aforementioned principles.



USD 500m Green Bond

CBD issued a USD 500 million Green Bond in June 2023. The launch of CBD's Green Bond influenced the Bank's internal objectives and motivations, increasing the momentum needed to mobilise funds towards projects aligned with the environmental or social objectives outlined in the SFF. The Eligible Green Loan Portfolio is tracked, forecasted, and reported to the ESG Council and CBD's Assets & Liabilities Committee on a quarterly basis. The latest forecasted balance of sustainable assets for June 2025, which meets the eligibility criteria of our Sustainable Finance Framework, is significantly higher than the required balance. CBD was delighted to receive the award for the "Best Financial Institution Green Bond in EMEA" from EMEA Finance in June 2024.



Sustainability Linked Lending

Given the UAE's commitments to sustainability, most noticeable in the UAE's 3rd NDC submitted to the UN, CBD has observed increased focus across some UAE organisations on transition planning and implementation. CBD is proud to back our customers' sustainability ambitions as they transition their operations to align to a lower carbon economy. In addition to financing green projects as defined by CBD's SFF, we backed our customers' sustainability ambitions through Sustainability Linked Loans (SLLs). SLLs incentivise the borrowers' achievement of ambitious, predetermined sustainability performance objectives, which are underpinned by mutually agreed Key Performance Indicators (KPIs).



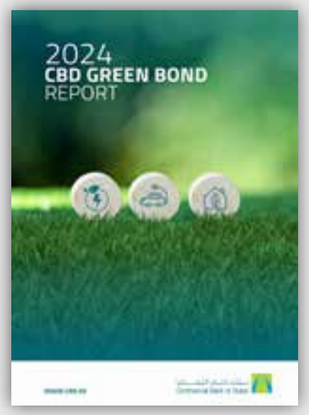
Personal Banking Sustainable Finance

CBD recognises its responsibility to offer sustainable finance to personal banking customers, in addition to wholesale banking customers. During 2024, we updated our product suite for personal customers to include, where possible, sustainability features. A "GreenGrowth" account was launched. This account was developed in partnership with Goumbook, a leading UAE social enterprise dedicated to sustainability. The account not only helps our customers grow their savings but also contributes to mangrove planting initiatives in the UAE. This account complements our existing suite of green products launched in recent years which includes products such as our discounted loans for electric and hybrid vehicles, and our loans for installations of solar photovoltaic systems for home-owners.



Islamic Sustainable Finance

CBD offers Islamic Banking products and services through its Islamic Finance window, CBD Al Islami. CBD Al Islami is regulated by federal laws, the Central Bank Higher Shari'ah Authority (HSA), and all its business, activities, products, services, contracts, documents, and Code of Conduct are supervised by the Internal Sharia Supervision Committee (ISSC). In November 2023, the CBUAE issued the Higher Shari'ah Authority Resolution regarding "The Guiding Principles Regarding Islamic Sustainable Finance". During 2024, CBD implemented initiatives to align its Islamic Banking operations with these principles.



Green Bond Report

Green Bond Report

CBD published its first Green Bond Report in 2024. This report highlights the eligible green loan portfolio by category as at 29 February 2024, and calculates the impact of the environmental benefits of these green projects. Summary highlights are illustrated.

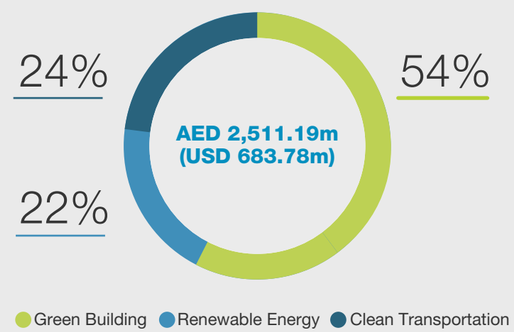
Allocation Hilghlights

- **USD 500m** Green Bond issued in June 2023
- **AED 2,511.2m** (USD 683.8m) Eligible Green Loan Portfolio
- **73%** of Eligible Green Loan Portfolio allocated to the Green Bond
- **Geographical breakdown** of projects financed and refinanced **100%** in the UAE

Impact Highlights

- **44.79 tCO2e/AEDm** Annual financed emissions avoided per million invested
- **101'778 tCO2e** Annual financed emissions avoided
- **7 million trees** Equivalent yearly sequestration of trees

Allocation of the eligible green loan portfolio as at 29 February 2024



Sustainable Finance Highlights for 2024

CBD exceeded its target for sustainable finance commitments throughout 2024, putting the Bank well on track to meet its contribution towards the UAE Banks Federation (UBF) target of collectively mobilising AED 1 trillion in sustainable finance by 2030. Below is a snapshot of some of the key syndicated transactions in which CBD played a leading role:



Sustainable Finance Framework Eligible Green Project (Renewable Energy)

CBD was proud to be part of the lending group financing DEWA and Masdar in developing the sixth phase of the Mohammed bin Rashid Al Maktoum Solar Park, the world's largest single-site solar park. This project is set to provide clean energy for approximately 540,000 residences. The operations of the solar park will reduce around 2.36 million tons of carbon emissions annually. This green transaction highlights our commitment to backing our customers' ambitions and our role in driving forward the transition to a greener future. It is aligned with the UAE's Net Zero by 2050 strategic initiative and supports Dubai's ambition to generate 100% of its power from clean energy sources by 2050.



Sustainability-Linked Financing Facility (Retail)

CBD participated in a sustainability-linked financing agreement with Cenomi Centers, the largest owner, operator and developer of shopping malls and complexes in the Kingdom of Saudi Arabia. This landmark and unique sustainability-linked transaction in the Saudi market within the sectors of real estate, lifestyle and leisure carries a number of incentives which are aligned with Cenomi Centers' integral ESG ambitions, as set out in Cenomi Centers' most recent sustainability report, including a carbon emissions reduction target, increasing the percentage of assets connected to the grid, and bolstering the number of women in leadership roles.



Sustainable Finance Framework Eligible Green Project (Clean Transportation)

During Global Rail 2024, His Highness Sheikh Theyab bin Mohamed bin Zayed Al Nahyan, Deputy Chairman of the Presidential Court for Development and Fallen Heroes' Affairs and Chairman of Etihad Rail, attended the announcement ceremony for the successful bank financing of the Hafeet Rail network project. This project will connect the UAE with the Port of Sohar in Oman, with a total project finance debt value of USD 1.5 billion, secured by Emirati and Omani banks, as well as regional and international banks. CBD is among the UAE banks participating in the Mandated Lead Arrangers (MLAB) for this cross-border rail network. Once operational, the railway will reduce the travel time between Abu Dhabi and Sohar to 100 minutes, with freight trains reaching speeds of 120 km/hour. The network will also support passenger trains, each capable of accommodating up to 400 travellers at a speed of 200 km/hour. With a capacity equivalent to 300 trucks, the train will cut down 80 percent of the carbon emissions produced by trucks.

What's Next?

The Bank will continue its proactive customer outreach and reactive customer support for sustainable finance. We recognise our dual responsibility in supporting the green economy, and greening the economy. Regardless of whether CBD customers are at an early or advanced stage of their transition or sustainability journey, CBD is there to back their ambitions and offer sustainable finance solutions.

Environment

Responsible Operations

Our Approach and Progress

The Bank complies with all local environmental laws and regulations, and monitors its resource consumption across all branches and offices. In support of the UAE's climate strategy, the Bank committed to achieving carbon neutrality for its own operations and supply chain by 2030. The commitment includes reducing its own operations GHG emissions by a minimum of 50% by 2030 from its 2022 baseline year.[3]

In 2024, the Bank focussed on assessing energy efficiency measures in support of its 2030 commitment and improving data quality through enhanced reporting processes.

Energy and Water

Building LEED Gold Certification

A major milestone in 2024 was the achievement of LEED Gold Certification for four of the Bank's primary locations, including the Bank's head office in Deira, as well as its Al Quoz, Sharjah, and Jumeriah branches. This achievement was the result of several energy and water efficiency measures implemented throughout 2023 and 2024. Most notably, these included:

- Installation of water-saving devices.
- Replacement of regular lights with energy-efficient LED lights.
- Installation of office occupancy sensors in offices and meeting rooms.
- Replacement of chillers with more energy-efficient models at CBD's head office in Deira.

CBD's LEED Scores

71	69	73	76
Head Office	Al Quoz	Jumeirah	Sharjah

≥ 60 is required for LEED Gold



Energy and Water Conservation Audit

To inform the Bank's decarbonisation journey for its own operations, the Bank engaged GST Building Energy Efficiency Services to conduct an energy and water conservation audit for the same four primary locations. The audit resulted in the identification of several opportunities to reduce electricity and water consumption, including:

- Implementing more energy efficient settings for existing HVAC and electrical equipment.
- Refurbishing/replacing HVAC, electrical and plumbing equipment with more efficient models.
- Installing sensors for electrical and plumbing fixtures.
- Improving building air tightness.
- Installing on-premise solar panels where feasible, based on space availability.

The implementation of the identified energy and water efficiency measures will significantly contribute to the Bank's carbon neutrality target, while also achieving financial savings for the Bank.

Based on the audit recommendations, CBD completed a Request for Proposal (RFP) to install solar panels at the Bank's Al Quoz office and Jumeriah branch.

Environmental Performance

Year	Energy Intensity (GJ/FTE)[4]	Water Intensity (m3/FTE)[4]
2022	59	31
2023	53	29
2024	53	27

2024 Total GHG Emissions (tCOE2e)

Scope	GHG Emissions (tCOE2)
Scope 1	952
Scope 2	7,784
Scope 3	4,681

3 Refer to Appendix C for Own Operations & Supply Chain GHG Emissions Methodology.
4 Due to improvements in our data collection process and calculation methodologies, prior year metrics have been restated.

Data Centre

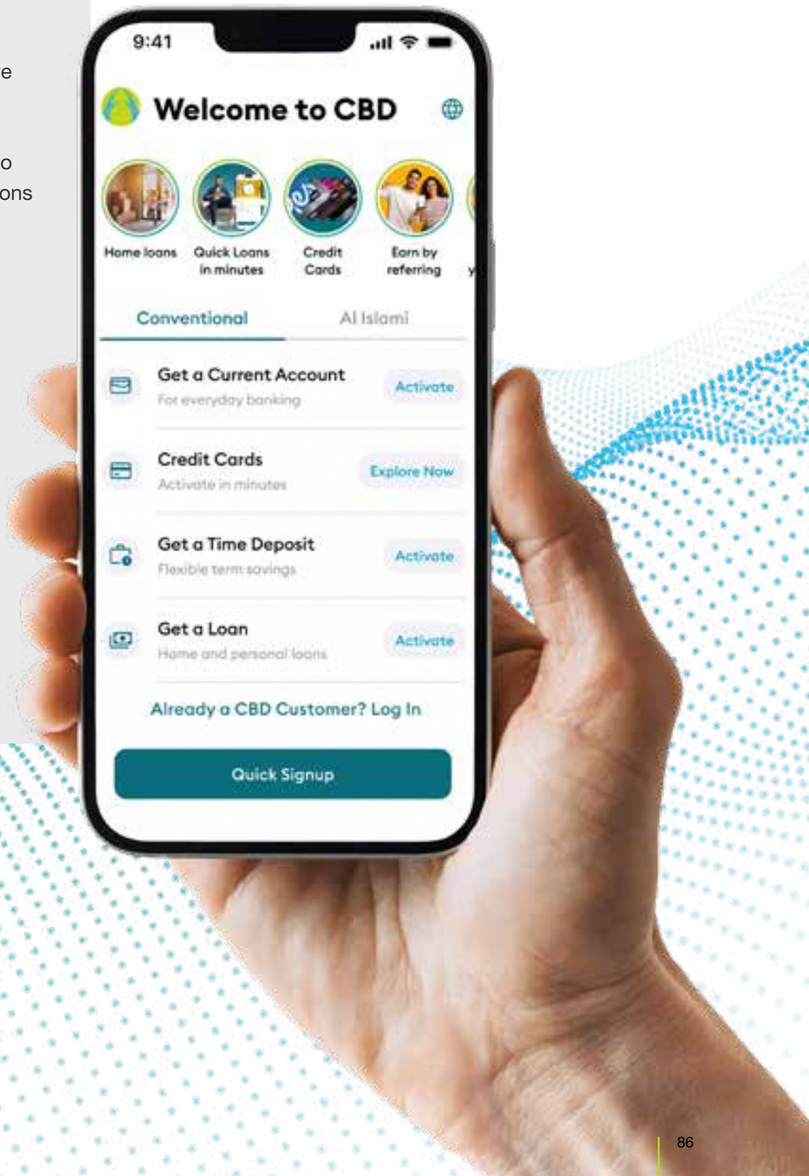
In May 2024, CBD announced that it has selected the Hewlett Packard Enterprise (HPE) GreenLake platform, hosted in du's hyper-connected and Tier III certified data centres, to accelerate CBD's hybrid cloud journey. In addition to the anticipated energy efficiency savings and consequent GHG emissions reduction, this development enables CBD to drive innovation, and develop AI-driven services to deliver exceptional customer experiences.

Waste and Recycling

CBD is committed to reducing the amount of waste it produces and to improving its waste diversion through recycling and re-use. To improve waste segregation and recycling efforts, the Bank installed separate recycling and waste bins in its offices in 2023 and implemented internal procedures to sort waste. This initiative was expanded to all branches in 2024. The Bank employs multiple environmental service providers to ensure that regular and ad-hoc waste streams are disposed of in an environmentally friendly manner, and diverted from landfill through recycling or re-use programmes (relevant for office furniture and equipment made redundant through renovations and branch closures), where possible. All waste is weighed by the Bank's environmental service providers before being disposed of at a recycling or landfill facility. CBD continues to provide re-usable water bottles to colleagues to dissuade any plastic bottle usage in our offices.

Paper

By providing digital banking solutions to our customers through our mobile apps, we have significantly reduced paper consumption in our operations. We reduced the number of printers in our offices in 2023 and continue to encourage our employees to use digital options to reduce paper consumption to the extent possible. In 2024, we started using recycled paper in all our offices.



Sustainable Procurement

CBD recognises that its suppliers play an important role in safeguarding the Bank's long-term success and reputation as an ethical, responsible, and transparent bank. CBD has integrated environmental, social and governance criteria into our RFP supplier evaluation process to prioritise suppliers who share our values and sustainability ambitions. CBD requires all suppliers to comply with local laws and regulations and to abide by its Supplier Code of Conduct, which sets out expectations related to ethical business practices, privacy and data security, environmental protection, human rights, diversity and inclusion, occupational health and safety, and others.

Supplier Code of Conduct

All suppliers must comply with CBD's Supplier Code of Conduct. As per policy, suppliers are required to:

- Comply with all trade laws and regulations as well as the Bank's policies, including but not limited to its Conflict of Interest, Anti-bribery and Corruption, Insider Information, Disclosures, Privacy and Data Security policies.
- Comply with applicable employment laws, including without limitation, laws regarding minimum wage, working hours, overtime, hours free from work, acceptable living conditions, health and safety, and human rights.
- Provide a safe and healthy working environment taking into consideration the specific hazards relevant to their operations, and to take reasonable steps to prevent accidents and injuries in the workplace.
- Foster a fair and inclusive work environment that is free of discrimination and harassment, and where diverse ideas and perspectives are respected and protected.
- Prohibit all forms of forced and compulsory labour, which includes work or service exacted under the threat of penalty (including imprisonment), or for which the individual performing the work or service has not offered himself or herself voluntarily.
- Comply with applicable laws governing the minimum age of employment, including the prohibition of child labour.
- Support and respect the protection of internationally proclaimed human rights, and to make sure they are not complicit in human rights abuses.
- Comply with applicable environmental protection laws and permits, and mitigate significant environmental impacts of their operations.

Further information can be found in our Suppliers Code of Conduct

Green Partnerships in the Supply Chain

The Bank continues to engage with its strategic partners to identify new opportunities for green partnerships. In September 2024, the Bank was proud to launch debit and credit cards produced using recycled materials through its partnership with Visa. This initiative will significantly reduce the Bank's virgin plastic waste and positively contribute to its decarbonisation journey.



What's Next?

Looking forward, the Bank will build on the work undertaken in 2024 by considering further opportunities to reduce the carbon footprint associated with the Bank's operations.

People

Our people are our most prized asset, and they are the key to success as we continue to grow and transform our business.
The promise to all our customers is that we are the Bank that is ‘backing your ambitions’.

However, this promise can only be delivered if we first back our employees by supporting their professional aspirations and fostering a safe, inclusive, and empowering workplace. Through this approach, we provide equal opportunity for talent at all levels and all backgrounds, to grow and create an environment where high-performing teams flourish. Our aim is to attract and retain the talent to sustain a high-performing organisation. Our material initiatives, “High Performance Culture” and “Talent Acquisition & Retention” are focussed on this aim.



People
High Performance Culture



Our Approach and Progress

Embracing a high performance culture is a strategic necessity for CBD to ensure organisational resilience. A high performance culture fosters a vibrant, innovative, and resilient workplace where diverse perspectives drive creativity and problem solving. CBD aims to not only cultivate a culture of respect and belonging, but also better serve customers, and ultimately achieve sustainable success in an increasingly globalised market. CBD has several specific focus areas:

Emiratisation

As a national bank, we are immensely proud to support the UAE's visionary Emiratisation efforts, as we believe in nurturing the next generation of UAE National talent to achieve their ambitions. We are not only investing in the future of these young leaders, but also the banking and financial services sector in the UAE. We employ 449 UAE Nationals, who account for 38% of our workforce. Our target for Emiratisation is 45% by the end of 2026. In 2024, we welcomed 101 UAE Nationals to our Bank, including a mix of recent graduates and experienced hires. Currently the Emiratisation rate for our EXCO stands at 45%.

Emiratisation Overview

	2022	2023	2024
UAE National employees (#)	363	445	449
Overall Emiratisation rate (% of total workforce)	35%	37%	38%

We continue to seek out ways to celebrate our Emirati heritage and culture and promote Emiratisation in CBD. The following is a sample of some of our Emiratisation focussed events in 2024:



Receiving Nafis Awards

During 2024, we received three prestigious awards in the second cycle of the Nafis Awards programme, in recognition of our commitment to nurturing Emirati talent in the private sector. CBD was acknowledged with an award in the bronze entities category, which was received by Sultan Al Mahmood, our Chief Human Resources Officer. Additionally, Aisha Almazrouei, Head of People Strategy & Engagement, achieved first place in the Individuals category - Supervisory jobs, while Husam Aldhuhoori, Head of Technology Risk, achieved second place in the same category.



Emirati Women's Day Celebration

An event to recognise the exceptional impact of women in shaping the UAE throughout its history and in contemporary times, which showcases the nation's advancement beyond empowerment to becoming a truly globally competitive nation. In celebration of Emirati Women's Day 2024, we hosted a special traditional-themed workshop where employees had the opportunity to learn how to make a Talli bracelet – a traditional embroidery craft, which local women used to make in their homes.



UAE Flag Day

UAE Flag Day is a significant national event that commemorates the symbol of unity for UAE and recognises the accomplishments and efforts of the founders of the nation, Sheikh Zayed bin Sultan Al Nahyan, Sheikh Rashid bin Saeed Al Maktoum, and their brothers, who worked tirelessly to build the UAE into the successful country it is today. This year we celebrated the incredible achievements of the UAE, its leadership, people, justice, peace, tolerance, power and moderation. Additionally, all employees were presented with a branded tote bag containing a special message that recognised their contributions to the success of CBD and the UAE.



Eid Al Etihad (formerly known as UAE National Day)

On Thursday, 28 November 2024, we celebrated the 53rd Eid Al Etihad at our Head Office and branches. The event brought together many colleagues from across the Bank to share in the pride and joy of Eid Al Etihad. The assortment of Emirati cuisine, and the selection of traditional and innovative activities, along with the traditional dance Harbiya, ensured that everyone enjoyed the event.



Tumoo7

We were proud to continue the Tumoo7 Management Trainee Programme in 2024. The programme is designed exclusively for UAE Nationals who aspire to build their careers in the exciting world of banking. In this iteration of the programme, we welcomed 35 talented university graudates who were selected to join the programme. The Tumoo7 Management Programme is curated to offer a comprehensive learning experience, blending classroom training, project work, and mentorship, from seasoned professionals. Throughout the programme's duration, graduates will be equipped with the knowledge, skills, and practical insights necessary to thrive in various banking roles. A particular focus is placed on assisting the graduates with building their technology skills.



UAE Career Fairs

CBD took part in many UAE career fairs during 2024, in line with our ongoing commitment to attracting exceptional Emirati talent. Such fairs included 'Ru'ya Careers', 'Ethraa Career Fair' and other career fairs in American University in the Emirates, Higher Colleges of Technology, and University of Dubai. The events offered an engaging platform to meet with a wide spectrum of national talent, from university graduates to seasoned professionals. During the fairs, we highlighted numerous job opportunities and showcased our Tumoo7 Graduate Programme.

Gender Diversity

Gender diversity is essential for fostering innovation, driving equitable opportunities, and creating inclusive environments where all individuals can thrive. We believe that diversity in our workforce makes CBD a stronger company. By embracing gender diversity, we challenge biases, unlock potential, and pave the way for a more balanced and sustainable future.

Of the 1,187 employees at the Bank, 43% are female. There is no material gender pay gap at any level throughout the organisation. CBD continues to assess and implement initiatives and partnerships to encourage and increase female representation in senior positions across the Bank.

Female : Male Colleagues Overall

	2021	2022	2023
Female Employees (%)	43%	43%	43%
Male Employees (%)	57%	57%	57%

Board Diversity

The Central Bank of the UAE and the Securities and Commodities Authority's Corporate Governance Standards for Banks requires that at least 20% of the candidates considered for appointment to the Board of a listed company must be female, and at least one Board Member must be female. CBD was delighted to welcome its first female Board Member to the Board in 2024.

CBD Youth Council

In the UAE, Corporate Youth Councils empower and connect Emirati youth across private or public sector enterprises. By implementing programmes, policies, and plans, they seek to reinforce the role of youth and to harness their voices, outputs, and talents to serve the country's organisations and enterprises and the national youth agenda. In line with this vision, we launched the CBD Youth Council in 2023 to champion the ideas of our Emirati youth and spearhead positive changes within CBD and across the UAE.

In 2024, the CBD Youth Council participated in several social events that align with the Bank's message about inclusivity and engaging future generations in social outreach and community bonding. Key highlights included:

- Participation in annual charity cheques distribution to organisations supporting 1) people of determination, 2) educational initiatives, 3) access to healthcare, and 4) humanitarian efforts.
- Representing the Bank at career fairs.
- Supporting CBD volunteering club by visiting centres for the elderly and for people of determination.
- Playing a key role in preparing and organising this year's Annual General Meeting.
- Facilitating the "Your Voice" Initiative, where selected candidates from every department were presented with challenges and opportunities to make CBD an Employer of Choice. This brainstorming session was organised to encourage new creative ideas which centre on the main themes of the National Youth Agenda 2031, and was attended by talented young Emiratis from different parts of the business.
- Hosted a financial literacy session with Nasser Moosawi, Head of Fixed Income at CBD, to provide guidance for new employees on how to manage savings and expenses.
- Represented CBD in youth events, with the Federal Youth Authority.

What's Next?

In 2025, CBD is committed to promoting diversity as a core component of its sustainability strategy. The Bank recognises the importance of fostering an inclusive environment that values the unique perspectives and contributions of all employees. CBD aims to increase the representation of diverse groups within its workforce, particularly focusing on gender diversity and the greater inclusion of UAE Nationals.

The Bank plans to implement targeted initiatives to support the professional development and career progression of underrepresented groups, ensuring equal opportunities for all employees. By promoting diversity, CBD aims to enhance innovation, improve decision-making, and better serve its diverse customer base, ultimately contributing to the Bank's long-term success.



People

Talent Acquisition and Retention

Our Approach and Progress

CBD recognises that both the acquisition and retention of top talent are pivotal to an organisation's success. Talented employees drive innovation, enhance productivity and sustain competitive advantage. Their diverse perspectives and skills are crucial in navigating complex challenges and seizing new opportunities. Therefore, prioritising talent acquisition and retention is not merely a strategic decision but a foundation for enduring success. CBD considers several focus areas to ensure that we successfully attract and retain a talented workforce:

Talent Acquisition

In recognition of the importance of the employee onboarding journey, CBD benchmarked the "time to offer" and "time to hire" for graduate and experienced hires in 2024. Our analysis revealed that our onboarding process was already performing better than international banks, and on par with local competitor banks. We were excited to launch "AfterHire", a bold and comprehensive platform that further enhances the onboarding experience. This automated solution streamlines the candidate journey, benefiting all internal stakeholders by improving efficiency, consistency and transparency throughout the process. With "AfterHire", and further enhancements into 2025, we aim to set a new standard in delivering an outstanding onboarding experience for both CBD and our new hires.

Employee Experience

Once onboarded, CBD prioritises a positive employee experience to boost engagement, foster a strong organisational culture, and drive productivity. Our measurement of employee experience provides actionable insights that feed strategic decisions, leading to higher productivity, reduced turnover, and a more committed and satisfied team.

Our annual bank-wide employee engagement and culture survey collects feedback on topics including "Customer Focus", "Leadership", "Communication", "Collaboration" and "Purpose", helping us identify areas for improvement while celebrating successes. By providing anonymous responses, employees feel empowered to share candid insights, enabling us to strengthen our culture, and inform strategic decisions. Our HR management team uses the survey results to monitor the extent to which our organisation provides an optimal environment for our employees to succeed and prosper, as well as to identify actionable improvement opportunities. In 2024, over 900 employees provided valuable input into our annual Employee Engagement Survey, which represented a participation rate of 84% across the Bank and provided more than 760 insightful comments. The overall engagement score was 72[5] . While this result is a slight drop from the previous year, we take it as a clear call to action to continue what we do well, and address where we need to improve. Our top strengths identified include purpose, prioritisation, and feedback. Our top opportunities include recognition and rewards.

Learning & Development

Investing in learning and development (L&D) is crucial for CBD's organisational growth and adaptability. Our L&D programmes empower CBD's employees to refine their skills, stay current with industry trends, and drive innovation. By fostering a culture of continuous learning, the Bank aims to ensure it remains competitive, agile, and ready to meet the evolving demands of the market. Moreover, robust L&D initiatives contribute to employee satisfaction and retention, as colleagues feel valued and supported in their professional growth. CBD is committed to supporting the continuous L&D of its employees to build organisational capability. Developing the overall competence of employees is an investment that drives both organisational and individual goals. The Bank is committed to facilitating L&D interventions which enable all employees to drive performance and realise their potential. The Bank leverages the internal intranet "People's Page" to ensure that career opportunities are promptly announced to all colleagues.

The 70:20:10 learning principle is applied wherever possible; 70% of the learning is facilitated on the job through experiential learning, 20% through social learning, and 10% through formal learning including e-learning. Social learning helps improve and reinforce formal and experiential learning.

In 2024, employees benefited from 34,338 training hours. Training hours were delivered via a mix of in-house classroom training, virtual training, Emirates Institute of Finance (EIF) training programmes, and other online learning programmes. During 2024, a number of L&D milestones were met:

	2021	2022	2023	2024
Total training[6] hours (#)	11,360	25,317	46,232[7]	34,338
Average training hours per employee (#)	8.5	20	42.4	28.9

5 This metric is measured against a Global Benchmark of 76.
6 Learning hours are defined by the Bank as non-mandatory training hours.
7 In 2023, total training hours were 29,926 hours, when the once-off Bedayati programme is excluded.

01

CBD Learning Experience Platform (LXP)

The launch of the CBD Learning Platform, which was one of CBD's 2024 strategic imperatives, offers a state-of-the-art learning experience designed to bridge skill gaps and foster a culture of continuous growth and development within our organisation. The LXP offers a comprehensive learning hub to support employees' professional and personal development which is powered by AI capability. Employees are now provided with a personalised learning experience which is mapped to every individual role across the Bank, with resources tailored to match skills, career goals and longer-term career aspirations. The platform provides access to courses, podcasts, articles and reports, and everything required to enhance an employee's existing skills and capabilities, supported by customised skill tracks which help to develop the competencies that align to role mastery. The platform also offers employees with a social learning functionality, by connecting with like-minded colleagues from across the Bank.

02

Welcoming Our Central Bank Graduates

Talent & Development, in collaboration with the CBD Youth Council, successfully organised a two-day internship for 14 UAE National graduates from the Central Bank. During this programme, the interns engaged with essential departments including Compliance and Personal Banking, where they gained valuable exposure to our work environment.

03

Digital Accelerator Programme

Our 4th cohort of colleagues were put through this comprehensive initiative designed to enhance our digital capabilities and drive innovation across the organisation. The Digital Accelerator Programme is a 15-week intensive journey co-developed in partnership with PwC Academy. This year, we welcomed a new cohort of 48 participants who will embark on a transformative journey to achieve digital excellence.

04

Train The Trainer

This initiative was specifically designed to elevate the skills and capabilities of our Subject Matter Experts (SMEs), empowering them to deliver impactful and effective business specific training sessions across the organisation when required. The primary objective was to provide a baseline for all SME training throughout the Bank, creating a sustainable model for knowledge transfer and skill development. By doing so, we aim to cultivate a culture of continuous learning and development, ensuring that our workforce remains agile, knowledgeable, and prepared to meet the evolving demands of our industry. Thirty five of our employees have successfully achieved the Train-the-trainer ILM certification as an outcome of this initiative.

05

Microsoft Copilot

Microsoft Copilot was introduced to boost colleagues' productivity and increase their efficiency, thereby allowing them time to focus on matters that are more important to them and to CBD. Copilot is a smart assistant that helps employees write and summarise emails, documents, meeting notes and more.

06

Digital Learning Bytes

Designed to complement the Digital Accelerator initiative, and deepen digital acumen across the business through two short and engaging learning programmes on Design Thinking and AI Fundamentals.

Design Thinking was an interactive programme designed to be engaging and dynamic, equipping employees with the knowledge and skills to build on and enhance their creativity, and promote innovative ideas using the latest methodology. AI Fundamentals was a dynamic 2-day training programme designed to immerse our employees into the world of AI, Machine Learning, and Data Analytics, equipping participants with essential knowledge and practical skills to leverage data-driven technologies for improved understanding and application. Two hundred and fifty employees were successfully enrolled in these programmes.

07

CBD Inaugural Performance Coaching Programme

A select group of employees have successfully completed the inaugural Performance Coaching Programme which is accredited by the prestigious International Coaching Federation (ICF). With coaching being one of the future skills that our managers and leaders require, the programme offered a healthy mix of theoretical and practical application of coaching principles and methodologies, providing an engaging learning experience for all participants. This important milestone reflects CBD's commitment to developing people and leaders within the organisation, with a focus on future skill requirements.

08

Leadership Essentials Workshop

The Talent & Development team launched a new initiative entitled 'Leadership Essentials'. The programme is a key component of our broader strategic approach aimed at enriching management and leadership capabilities across all the Bank's functions. Leadership Essentials is a comprehensive 2-day in-house training programme, designed and delivered by our Talent & Development team. The programme has its foundations set on insights shared from business focus groups, and two pilot programmes which validated the content's efficacy and alignment with our strategic imperatives, incorporating valuable insights and best practice principles that support the very real challenges that our managers face. A total of 140 employees have successfully enrolled in the programme.

09

CBD Internship Programme

Talent & Development, in collaboration with our Talent Acquisition team, successfully organised internships for 10 UAE Nationals. Each internship provided a tailored work plan to provide a very real and practical experience of working within CBD. We look forward to welcoming these individuals back to CBD as part of our Tumoo7 Graduate development programme in the future.

10

'Promptathon'

CBD employees attended a 'Promptathon' held at the Microsoft Innovation Hub. This event brought select employees together to explore cutting-edge advancements in AI and Prompt Engineering. By equipping employees with the latest tools and knowledge, CBD empowers them to innovate and thrive in an ever-evolving digital landscape.

Employee Wellbeing

CBD continued to keep the health and wellbeing of its employees as a top priority, by providing a series of wellbeing initiatives throughout 2024. Our employee wellbeing initiatives are designed to back employees physically, financially, socially and emotionally, helping to create a positive impact on both their work and personal lives.

Flexible Work

Many CBD employees choose to participate and benefit from flexible work hours. We believe that flexibility in our working hours will create a more inclusive work environment, enabling employees to manage their work and personal lives better. For job roles where flexible hours do not inconvenience our customers and/or disrupt normal business, employees can start their workday from 7AM to 9AM and finish from 3.30PM to 5.30PM.

Sanad

Our Employee Assistance Programme, Sanad, is an independent counselling service offering professional support to employees and their family members, from qualified health care professionals. Sanad offers a 100% confidential, short-term counselling and consulting service, to help employees cope more effectively with life's challenges. Throughout 2024, a series of online webinars on various topics were delivered with subject matter experts and medical professionals, to boost the wellness of our employees.

Maternity Leave

Maternity Leave entitlement is 45 paid calendar days including both pre- and post-natal periods, for employees with more than one year's service. Following this, an additional 45 days with half pay can be used if the employee has been in service for more than one year.

Parental Leave

Employees are entitled to use five working days leave with full pay to help attend to their newborn child's needs after birth. Parental Leave can be continuous or non-continuous days, which can start from the birth of the baby and can be taken alongside Annual Leave. However, they must be taken within six months of the birth.

Other Leave Entitlements

The Bank also provides employees with Special, Compassionate, Emergency and Study Leave.





In addition to ensuring our policies are focussed on employee wellbeing, the Bank continues to identify initiatives to back employees' wellbeing. Below is a sample of some of our key employee wellbeing initiatives in 2024:

- Backing your Health & Wellbeing - Tips for a happy and healthy lifestyle were shared via our People's Page. For example, guidance was given on how to stay safe in the warmer summer weather.
- Deskercise - In support of CBD Employee Wellness Programme and in alignment with Dubai's 30*30 challenge, CBD partnered with Ascend Wellness to offer a series of physical wellness events. These events are designed to boost energy, reduce stress, and improve overall strength. Multiple Deskercise events were hosted in November 2024, with each event split into a 20-minutes session on MS Teams at the employee desk, followed by a 40-minutes physical session at an office hall.
- Breast Cancer Awareness Session - CBD partnered with Prime Hospital and hosted Dr. Verushka Mukesh Mansukhani, who delivered a wellness talk focussed on the importance of early detection, prevention, diagnosis, treatment, and cure of breast cancer among male and female employees.

Performance Management

CBD's approach to performance management ensures we support the professional growth of our employees, and sets the foundation for a culture of continuous learning at the Bank. Our performance management cycle is staged as follows:

- **Stage 1:** Planning through KPI setting, as well as discussing and agreeing on individual development plans.
- **Stage 2:** Mid-year review of performance is an opportunity to provide feedback, discuss areas of improvement and review KPIs, if required.
- **Stage 3:** Year-end Assessment of performance to determine individual performance ratings of all employees.

Empoyee performance is assessed on a regular basis for both employees on incentives, and those participating in the discretionary bonus plan. For those on incentives, performance is managed on a monthly or quarterly basis, in line with the type of role or business function.

Remuneration

Employee remuneration packages are comprised of fixed pay, allowances, benefits based on the job category, and performance-based pay. CBD benchmarks employee remuneration against the market on an annual basis.

With respect to performance-based pay, employees are rewarded based on both their individual performance as well as that of their business unit. Our performance-based pay includes bonus, incentives and recognition awards.

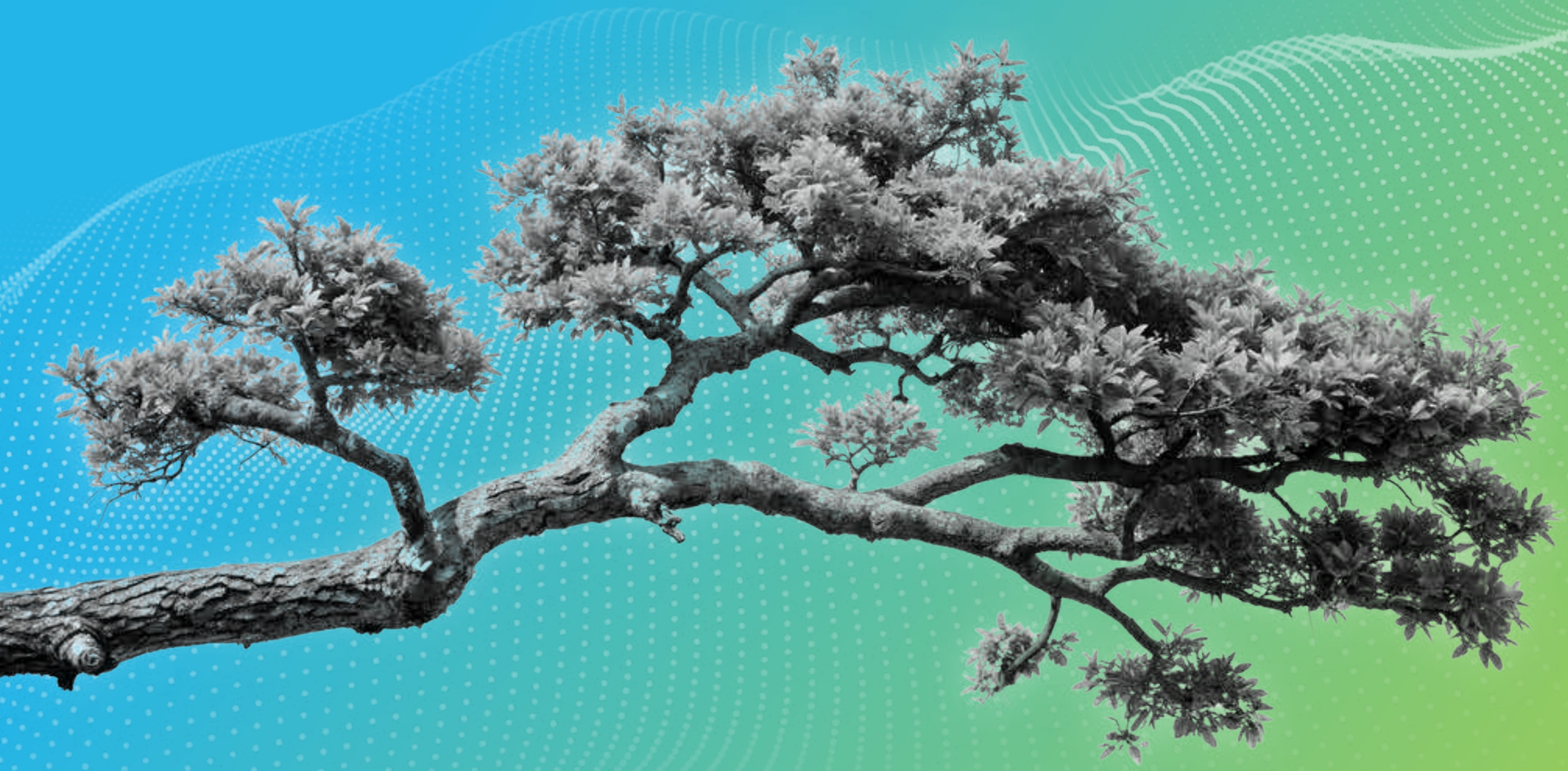
What's Next?

In 2025, CBD will focus on enhancing its employee experience strategies to ensure a highly skilled and motivated workforce. The Bank aims to attract top talent by offering competitive compensation packages, comprehensive benefits, and opportunities for professional growth and development. CBD is committed to creating an inclusive and supportive work environment that fosters employee engagement, promoting innovation and collaboration. The Bank plans to implement targeted initiatives to support the career progression of its employees, including mentorship programmes, leadership training, and continuous learning opportunities, supported by our AI predicated Learning Experience Platform, "Flex". CBD employees are the true backbone of our success, and our people will continue to define and set us apart as a high-performance organisation and a leader in the UAE banking sector.

Community

CBD is deeply committed to supporting and empowering the communities it serves. As a key player in the UAE's financial sector, CBD recognises the importance of contributing to the social and environmental well being of the nation. The Bank's dedication to sustainability is evident through its various initiatives aimed at preserving the environment, promoting social responsibility, and supporting local communities. By aligning its operations with the UAE's Sustainable Development Goals (SDGs), CBD not only ensures compliance with regulations but also actively participates in the nation's efforts to create a resilient and eco-friendly society.

The Bank's continuous engagement with customers, stakeholders, and the broader community underscores its commitment to fostering a sustainable future for all. Three material initiatives are tracked under the Community pillar of our ESG Framework. These are "Customer Protection", "Customer Experience" and "Community Impact".



Some of the key highlights throughout the year included hosting Suhoor gatherings, launching the CBD Digital Factory, sponsoring Dubai Fintech Summit and Dubai Future Sustainability Forum, and upgrading the CBD website to enable inclusive user experience for people of determination. In addition, several community focussed partnerships were signed in 2024:



Commercial Bank of Dubai Signs Exclusive Strategic Partnership Agreement with Visa

This agreement aims to further accelerate digital payments in the UAE, offering innovative and customer-centric solutions to CBD cardholders across all segments. As part of this partnership, CBD and Visa are also partnering to establish a 'Centre of Excellence' powered by Visa Consulting and Analytics (VCA), dedicated to accelerating and simplifying customer's payment experiences. By leveraging core data assets and deriving insights, VCA will formulate actionable recommendations that aim to address business challenges and offer personalised solutions to customers.



Emirates Development Bank and Commercial Bank of Dubai Forge Strategic Partnership to Facilitate International Trade

The strategic alliance between EDB and CBD strengthens their commitment to providing comprehensive support for UAE businesses engaged in international trade. By combining EDB's expertise in trade finance and working capital solutions with CBD's robust financial capabilities, the partnership offers clients optimal support in mitigating risks and streamlining cross-border transactions. This collaboration demonstrates both organisations' dedication to driving innovation in transaction banking, ultimately facilitating secure, efficient, and seamless global trade for UAE companies.



du and HPE to Accelerate Commercial Bank of Dubai Digital Innovation and Enhance Customer Experience

By utilising HPE GreenLake as the foundation of the private cloud, along with du's comprehensive network and security solutions and services, CBD will be able to implement and expedite its five-year strategy, which aims to establish a more efficient and automated self-service IT Operational Model. The goal is to enhance responsiveness, visibility, and control while minimising complexities and manual processes. This approach ensures CBD's ability to promptly adapt to evolving business requirements and meet customer expectations.



QualityKiosk as Exclusive Partner to Develop CBD's Testing Centre of Excellence as Part of its Technology Strategy Refresh Initiative

The exclusive partnership builds on a year of successful collaboration between CBD and QualityKiosk. Together, we established CBD's initial Testing Centre of Excellence with industry-best processes and systems, automated 300,000 test executions, centralised 150,000 test cases, and virtualised over 100 services to drive the on-time completion of 35+ customer-facing digital modernisation projects.

Community

Customer Protection

Our Approach and Progress

CBD recognises how safeguarding financial assets and personal information fosters trust and confidence in the banking system. Implementing robust security measures, preventing fraud, identity theft and unauthorised access ensures that customers' savings and investments remain secure. Additionally, CBD recognises that customer protection also extends to initiatives such as Consumer Education and Awareness, and Customer Feedback and Satisfaction.

Consumer Education and Awareness

Consumer education plays a pivotal role in the quest to enable a world where every individual has a thorough understanding of financial products and services. It equips customers with the knowledge necessary for financial literacy. When people grasp the shades of banking, they become savvy navigators and steer clear of hidden risks, enabling a path towards financial well being. The CBUAE acknowledges the importance of this mission. They are committed to enhancing public awareness of banking services and financial products, guiding the public towards prudent decision-making and minimising financial risk. CBD is fully supportive of this mission and recognises its importance in:

- Enabling customers to make informed decisions
- Ensuring that customers get the best deal possible for them
- Promoting financial literacy
- Protecting customers from fraud and scams
- Ensuring market accountability

We remain committed to educating customers with financial and finance-related topics to protect them and help them in making better banking decisions.

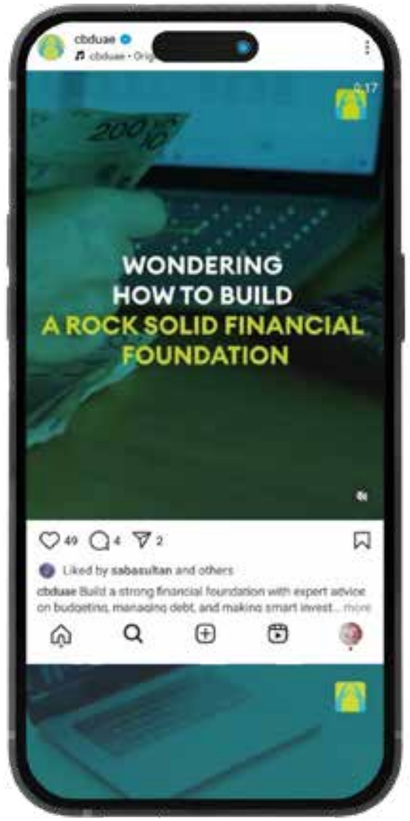


Educating CBD Customers

Building on the success of our “CBD Talks” webinar series, in 2023 and 2024 we partnered with Brett King, the renowned futurist, bestselling author, and award-winning speaker, to launch our “Beyond Banking” podcast. “Beyond Banking” promotes financial literacy and education in our community by delving into the trends shaping the UAE, Middle East, and global economies. Our partnership with Brett King has expanded the reach of “CBD Talks” and provided access to leading thought-leaders across a wide range of fields and professions. A total of 11 podcast episodes were published in 2023 and 2024 covering emerging trends from digitisation to decarbonisation, through the evolution of AI, the advent of smart economies, female leadership, and sustainability.

Consumer Education & Awareness Sessions

	2022	2023	2024
Total financial literacy and education communications[8] (#)	21	30	52



CBD’s Website Upgrade

Embracing the latest trends in web design, the new CBD.ae website offers a visually appealing and user-friendly interface that makes online banking more efficient, secure, and easier than ever to use across devices. We have simplified our website’s structure, enabling both personal and wholesale banking visitors to find the information they need quickly, and with less pages to navigate. The content across the site has been meticulously refined to ensure that it is not only informative, but also engaging and easy to understand.

Website Accessibility Features

Part of the website upgrade included the UserWay Web design accessibility tool. These guidelines are implemented to provide a fully accessible and inclusive UX. Creating a website with sufficient colour contrast of the text versus background, adjustable text size, and smooth keyboard navigation or use of any assistive technology helps meet the needs of people of determination.

Branch Accessibility

Across our branches, all Customer Service Advisors (CSAs) have been delegated to fulfil the role of Branch Service Champions, trained specifically to meet the needs of people of determination. These champions prioritise service delivery, offering personalised assistance to ensure a seamless and inclusive banking experience for people of determination.

Customer Feedback & Satisfaction

Our Voice of the Customer Programme is designed to effectively listen to our customers so that we can capture, and address feedback received at every touchpoint and onboarding experience. In 2023, CBD introduced a Customer Satisfaction (CSAT) survey. The CSAT score is a measure of customer satisfaction and provides CBD with an understanding of how our customers regard CBD and its services. This feedback enables us to continually improve our products and services. In 2024, our ustomer feedback shaped process improvements in areas such as our Contact Centre, and our service hub for business banking customers.

Since our customers are our highest priority, CBD has created various touchpoints for them to reach us. These channels allow our customers to enquire about products and services offered, submit requests, provide feedback and suggestions and, if required, to raise complaints. Our average handling time for resolving customer complaints in 2024 was 2.7 days.

What’s Next?

Looking forward, we will continue to monitor our performance through various customer feedback channels, including complaints monitoring and satisfaction surveys. CBD will continue to produce a diverse range of high-quality financial education and awareness content for our customers and potential customers, to help manage their day-to-day finances and to stay on top of the latest trends. Additionally, we will continue to maintain the utmost focus on protecting our customers through our business and market conduct, transparent disclosures, protection of customer assets and responsible financing.

8 Excluding Beyond Banking by CBD Talks! podcast recordings

Community

Customer Experience

Our Approach and Progress

Our customers remain at the centre of everything we do, and it is our vision to be the best bank for our customers. We recognise that in the banking sector, customer service is the key differentiator. Digitisation, Data & Artificial Intelligence (AI) and Sustainability are trends which have grown in significance in 2024, as these enablers allow for an augmented customer experience.

AI has revolutionised the banking sector, and we are delighted that our commitment to innovation and leveraging AI technologies to enhance customer experience has been recognised by industry leaders. CBD was proud to be awarded the 'Best Use Case of AI Solutions' at the 7th Middle East Banking AI & Analytics Summit.

CBD also secured two prestigious awards at the Middle East & Africa Retail Banking Innovation Awards 2024. Our CBD Yes Rewards Visa Signature Credit Card was recognised as the Credit Card of the Year, a testament to our commitment to delivering exceptional value and experiences to our customers. This co-branded credit card continues to set the standard with its benefits and unmatched offerings. In addition, we won the award for Outstanding Machine Learning Initiative for our Next-gen Fraud Monitoring and AML Platform. This innovative solution is a game-changer in financial security which will utilise advanced machine learning to safeguard our customers and the Bank from fraudulent activities.

We were also proud to receive the KuppingerCole European Identity & Cloud Award (EIC) in the Customer and Citizen Authentication category. Together with PingPartner and LikeMinds Consulting, CBD has revamped the customer authentication process, achieving an efficient customer migration, significant cost savings, and enhanced security.

CBD has also implemented significant upgrades in customer service such as:



Receiving Middle East & Africa Banking Innovation Awards



Receiving the Award for 'Best Use Case of AI Solutions' at the 7th Middle East Banking AI & Analytics Summit

Refreshed CBD Mobile App
The App boasts a revamped interface and user experience, backed by the latest technology and security. Moreover, it offers an extensive suite of more than 120 banking services, most of which are instant. A notable feature of the App is the intuitive dashboard which enables users to personalise the order of their banking products according to their individual preferences.

Point of Sale (POS) terminals
Implemented from 1 September 2024, our CBD POS terminals accept chip and pin Jaywan Debit Cards. Jaywan is UAE's national domestic card scheme which will be implemented by banks and financial institutions in the UAE. Consequently, CBD has enhanced its exceptional acquiring service by accepting all Jaywan Cards at POS terminals throughout the UAE.

New -3in1- Automated Teller Machines (ATMs) Rolled Out Across All CBD Branches
We updated all standalone ATMs and cheque deposit machines in our branches nationwide. Existing machines are being replaced with new 3-in-1 CCDMs (Cash/Cheque Deposit Machine + Cash withdrawal) ATMs. This major upgrade provides an enhanced service for our customers, driving efficiency and reducing waiting times, as the new ATMs have the capability of cash withdrawal, cash deposit, and cheque deposit services.

Core Banking Services for Virtual Asset Service Providers (VASPs)
We launched dedicated accounts for VASPs to manage client money whilst meeting regulatory prudential requirements, in compliance with the latest regulations issued by the CBUAE and the Dubai Virtual Assets Regulatory Authority (VARA). This pioneering initiative underscores our commitment to fostering innovation and supporting the growing digital asset ecosystem.

Digitisation

CBD maintains its focus on servicing customers through “Default Digital” channels, with a large part of our project portfolio focussed on enhancing our digital solutions with practical and rapidly accessible functionalities that align with the needs of connected customers. Our Mobile Banking App has been consistently highly rated by our customers. CBD also takes pride in the increasing number of customers who have registered digitally over the years.

Digitally Registered Customers

	2021	2022	2023	2024
Proportion of retail customers digitally registered (%)	86%	92%	97%	96%
Proportion of corporate customers digitally registered (%)	83%	86%	89%	89%



CEO Participation at the Dubai AI & Web3 Festival

In 2024, our CEO participated in a key panel discussion at the Dubai AI & Web3 Festival. This festival, held in partnership with DIFC and the Office of the Minister of Artificial Intelligence, Digital Economy, & Remote Work, served as a hub for collaboration and learning, showcasing the transformative potential of artificial intelligence, Web3, blockchain, and decentralised ecosystems. The panel discussion, titled “Generative AI: What are the real-world use cases?”, explored the trajectory of Generative AI, its impact on businesses, and the ethical and social implications of AI across industries. CBD presented the practical application of AI in the banking sector and referenced how MS Copilot had driven internal efficiencies in our ways of working, as well as how the use of AI drives better customer engagement through our chatbot.



GITEX 2024 Partnerships

CBD had a remarkable week at GITEX 2024, announcing several significant partnerships aimed at driving digital transformation and innovation. The Bank strengthened its collaboration with key government entities, including the Department of Finance, Digital Dubai, and the Department of Economy & Tourism, focusing on innovative new ventures such as a digital instalment system which allows customers dealing with government entities to pay government transactions and service fees in instalments through smart gates, as well as through point-of-sale terminals. CBD also reaffirmed its ongoing partnerships with e& and Oracle, emphasising the development of co-branded payment solutions and advancing digital transformation efforts.



Members of CBD’s Board and its EXCO at CBD’s Digital Factory Opening

Another key achievement of the Bank was to open Digital Factory in the heart of Dubai’s innovation hub in DIFC. The Digital Factory is a significant step forward in our journey to becoming the most innovative and customer-centric bank in the UAE. It embodies the Bank’s commitment to pioneering banking solutions that redefine customer experiences. The facility serves as a cornerstone of our innovative efforts, enabling agile squads to drive the development and implementation of digital solutions. The space also serves as a versatile venue for employee upskilling, hackathons, brainstorming sessions, offsite meetings, and workshops.

Apple Store

4.8 Average Rating

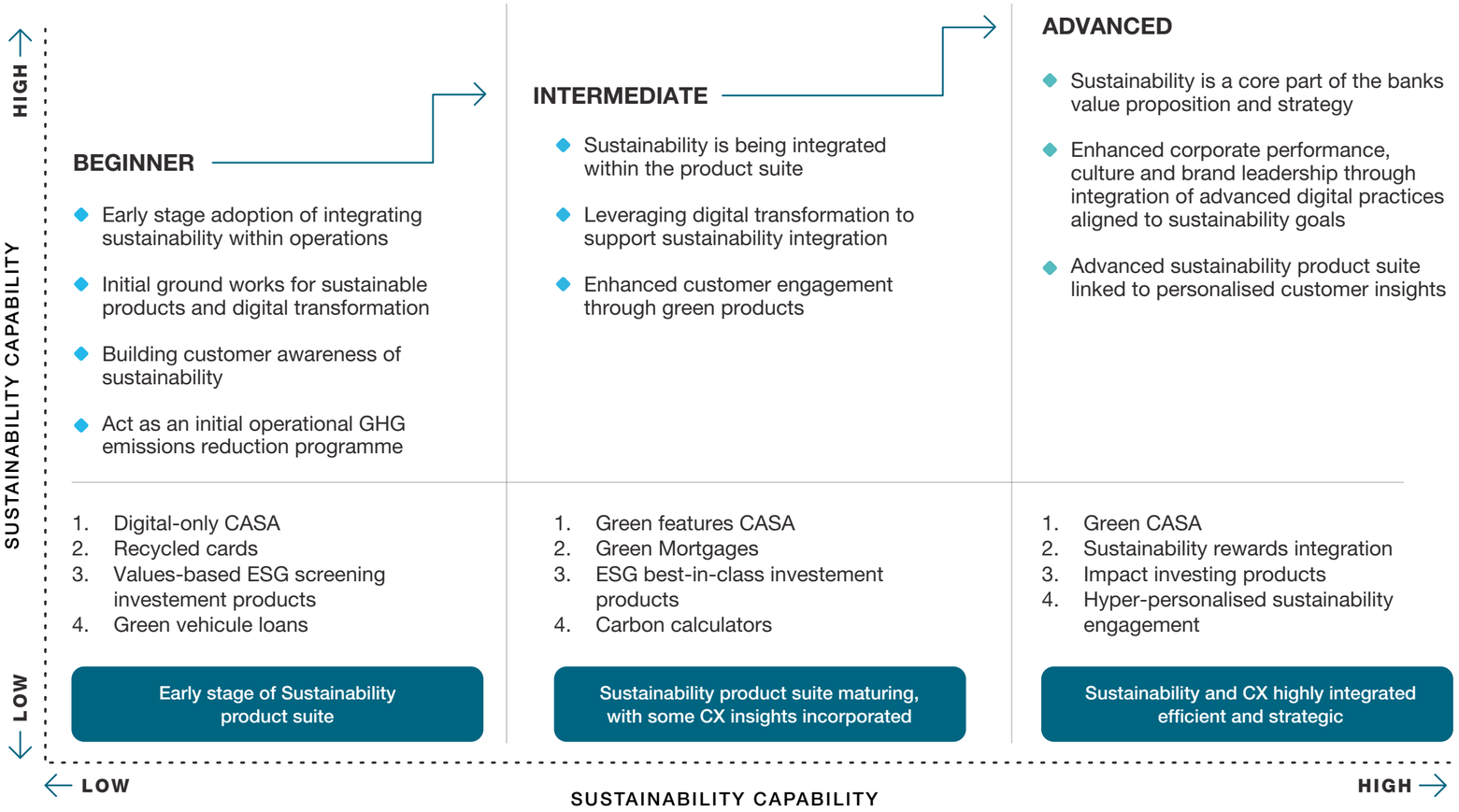
Google Play

4.2 Average Rating

PWC x CBD
Empathising with Customers: Sustainability as a Key Differentiator for Banks

We have launched a dynamic thought leadership report, co-authored with PwC Middle East, and titled 'Empathising with Customers: Sustainability as a Key Differentiator for Banks'. Our collaboration with PwC reflected our dedication to shaping the future of sustainable finance for personal banking customers in particular. The report explores how integrating sustainability into banking practices is no longer optional but essential for banks to remain competitive and relevant. It highlights the importance of embedding sustainability features in product design to foster empathy and enhance customer experience. Furthermore, the thought leadership report has designed a maturity curve which illustrates how banks and fintechs, including those in the Middle East, are embedding sustainability into financial products, with differing degrees of sustainability impact, depending on the sustainability maturity of internal capabilities and customers. The report's "Sustainability Maturity Curve" is illustrated below:

Sustainability Maturity Curve





To read the full thought leadership article, please Click here

What's Next?

In 2025, CBD will continue to prioritise ever-changing customer preferences in the face of Sustainability, Data & AI, Digitisation and Fintech disruption. The focus will be to ensure that CBD considers all the aspects and drivers of customer experience as it continues to evolve its products and services as it backs its customers' ambitions.

Community

Community Impact

Our Approach and Progress

As a national bank, CBD is proud to serve our local community here in the UAE, and is proud to retain its social license to operate in the UAE. Backing the UAE's ambitions and our local community are deeply embedded in our DNA.



Dubai Future Sustainability Forum 2024

We were proud to have taken a leading role in the Dubai Future Sustainability Forum (FSF) 2024 as Presenting Sponsor, where we reaffirmed our commitment to sustainable finance solutions that back the UAE's 'Net Zero 2050' goals. This prestigious event, held in collaboration with DIFC, provided a platform for industry leaders to discuss the future of ESG strategies, aligning with the UAE's sustainability ambitions.

Through our involvement in forums like this, we continue to lead the conversation on sustainable finance, collaborate with like-minded partners, and create solutions that align with our vision for a more resilient and sustainable future.



CBD's Head of Sustainability Participating in an ESG Reporting Panel

Eoin Daly, CBD's Head of Sustainability, delivered an insightful session on the transformative role of transparent ESG reporting. He highlighted how clear, actionable reporting not only fosters trust but also drives tangible impact, a cornerstone of CBD's sustainability strategy.



CBD's Sustainability Team Participating in Panels and Fireside Chats at the FSF

CBD's senior sustainability managers also played prominent roles in the forum's agenda. Florian Hunt, Senior Sustainability Manager, interviewed Dr. Fadi Alfaris, CEO of SEE Enviro, in a captivating session on Sustainable Real Estate Development. The discussion explored strategies to create eco-friendly developments that prioritise long-term environmental and social benefits. Robyn Troop, Senior Sustainability Manager, participated in a panel discussion titled "Blending Innovation and Sustainability for a Resilient Future". Her contributions highlighted the integration of innovative practices with sustainability, to build resilience and ensure sustainable progress.

Environmental Awareness

Earth Day is an annual event celebrated on 22 April that supports awareness for global environmental protection. The official theme for 2024 was Planet vs. Plastics, and Earthday.org has called for a 60% global reduction in plastic production by 2040. To mark the occasion, the Bank shared tips with employees on useful ways to reduce plastic usage:

- Carry reusable shopping bags
- Carry a stainless-steel travel mug or water bottle instead of buying plastic bottles
- Choose sustainable alternatives
- Eliminate single-use plastic
- Reduce plastic purchases



CBD Employees Participated in Reforestation Trip with Emirates Nature & WWF

During this engaging field research event which took place at Wadi Wurayah National Park, Al Fujairah, on 19 October, the employees measured tree abundance, growth and health, while learning about the various species and the park's diverse habitat characteristics. This initiative targets tree species within the park to understand the forest ecosystem and support long-term conservation efforts.

Social Advocacy

Through CBD's Volunteer Club, we empower our employees to create a meaningful impact in our local community, and to foster deeper connections with each other. A wide range of volunteering opportunities are planned throughout the year, allowing employees to get involved with the causes they care about the most. Some of our volunteering initiatives from 2024 are highlighted below:



Al Noor Centre

In line with CBD's commitment to supporting our local communities, the CBD Youth Council and the Volunteer Club organised a visit to the Al Noor Rehabilitation and Welfare Association for People of Determination. During this visit, they had the opportunity to be guided through the Centre by Ranjini Ramnath, Director of Al Noor Training Centre, and experience the co-curricular activities and satellite programmes. Additionally, they participated in a sports activity with the students.



Senior Happiness Centre

CBD Volunteers Club hosted a BBQ gathering at the Seniors Happiness Centre – Al Mamzar, which provided an opportunity for employees to interact with the elderly and bring some joy to their day. This event demonstrated the strengths of inter generational bonds and volunteerism, in making a positive difference within our local communities.



Suhoor

To mark the holy month of Ramadan, CBD hosted a special Suhoor event for our corporate and personal customers at the Grand Hyatt hotel. Our Chairman, Board Members, and Senior Management team were present to welcome guests to this exclusive event.



Iftar Meals

CBD Volunteers team collaborated with the Dubai Club for People of Determination (DCPD) at their Ramadan festival. The festival hosted more than 620 visitors per day, and included 11 sponsors, who distributed more than 4,200 iftar meals to the attendees. The CBD team committed more than 200 hours to this worthy initiative.



Students from Dubai Cente for Special Needs Visit CBD

CBD supported students from Dubai Center for Special Needs by giving them the opportunity to do their internship at the Bank in different departments. Students enjoyed this real-world experience where they had the opportunity to learn new skills, broaden their knowledge, and gain valuable life experience. After completing their internship, Aisha Al Mazrouei, Head of People Strategy & Engagement – HR, presented the students with certificates of appreciation to recognise their commitment and hard work during their period at CBD.

In addition to our volunteering initiatives, CBD also focusses on broader community outreach engagements. Some of these are highlighted below:



National CSR Fund - Majra

In November 2024, CBD participated in the National CSR fund - Majra's 'Impact Retreat'. The event was attended by His Excellency Abdulla bin Touq Al Marri, Minister of Economy and Chairman of Majra's Board of Trustees, along with members of the Board of Trustees and representatives from private sector companies that received the Impact Medal for Social Responsibility. The main aim of the retreat was to encourage private sector companies to increase awareness and engagement in social responsibility practices, aligned with the UAE's environmental, social, economic, and governance indicators, as well as sustainable development priorities and goals. At the retreat, CBD, a Silver Seal Impact winner with Al Majra, shared ideas and initiatives aimed at supporting the social responsibility agenda and contributing to the UAE's national objectives.



Dubai Chamber of Commerce ESG Label

The Dubai Chamber of Commerce ESG Label was developed by the Chamber's Centre for Responsible Business, and is designed to encourage the business to adopt and develop practices that have a positive impact on society and the environment, as well as promote good governance, by recognising participants' efforts to advance sustainability. The Dubai Chamber of Commerce has awarded CBD with the ESG Label, as one of the leaders in the adoption of sustainable business practices. These awards were presented during the Chamber's annual Sustainability Week, held from 7 to 11 October.



UAE Culture and Sports Heritage

CBD continued its decades-long sponsorship of the prestigious Jabel Ali Racecourse (JARC), a partnership that reinforces our commitment to supporting the community. As we continue our sponsorship of the JARC, we recognise the significance of this partnership in promoting both sportsmanship and cultural values.

Charitable Donations

Every year, CBD donates 100% of late payment fees on Islamic Banking products to charitable and community organisations, in accordance with Islamic Finance Sharia principles. Our community investment, delivered through a combination of financial support, charitable work and employee volunteering, is focussed around three pillars. These pillars are informed by the local issues and causes of most concern to our stakeholders and include:

- Providing and raising awareness about preventive healthcare, and preserving and promoting sports
- Investing in youth
- Promoting education and cultural activities

What's Next?

In 2025, CBD aims to build on the achievements of 2024 by further expanding the reach and impact of our community engagement initiatives. Additionally, we will explore opportunities to align our volunteering initiatives with environmental protection efforts.

Governance

Effective governance plays a critical role in ensuring that CBD operates with integrity, accountability, and transparency. Our governance structures help to safeguard the interests of our depositors, investors, and other stakeholders by establishing clear frameworks for decision-making, risk management, and regulatory compliance. The robustness of our governance mechanisms is essential for maintaining financial stability, fostering trust, and preventing unethical practices that could lead to significant economic repercussions. Through diligent oversight and adherence to best practices, our governance efforts help to sustain the long-term viability and reputation of the Bank. Two material initiatives are tracked under the Governance pillar of our ESG Framework. These are “Corporate Governance & Ethics” and “Cyber Security”.



Governance

Corporate Governance & Ethics

Our Approach and Progress

As a financial institution licensed in the UAE, Commercial Bank of Dubai is committed to complying with the Corporate Governance Regulations and Standards issued by the UAE Central Bank and the Securities and Commodities Authority, and with best governance practices adapted internationally. Corporate governance is the system of rules, practices, and processes by which the Bank is directed and controlled. Our Corporate Governance Policy Framework sets out the key policies which help to ensure fair treatment of the many stakeholders in the Bank, which includes its shareholders, management, customers, suppliers, bondholders, the government (including regulatory entities) and the community. Further details on our approach to Corporate Governance can be found in our 2024 Corporate Governance Report

In 2024, the Bank emphasised the upskilling of all employees in business ethics and compliance matters, by publishing a “Compliance Corner” in the monthly “People’s Page” newsletter. Spotlights were provided on Anti Bribery & Corruption, Know Your Customer (KYC) and the purpose of Due Diligence (DD), Customer Risk Assessment, Anti-Money Laundering Red Flags, Common Reporting Standard (CRS), Beneficial Ownership, Virtual Asset Service Providers (VASP), Sanctions Risk, Wildlife Trafficking and Proliferation Financing, and Media Engagement.



Board of Directors

The role of the CBD Board of Directors is to protect the interests of all our stakeholders and promote the long-term sustainability of the Bank. The Board contributes by setting risk appetite, providing strategic guidance and effective monitoring of management, ensuring adequate controls, and defining the culture of the Bank to enhance and ensure sustainable shareholder value.

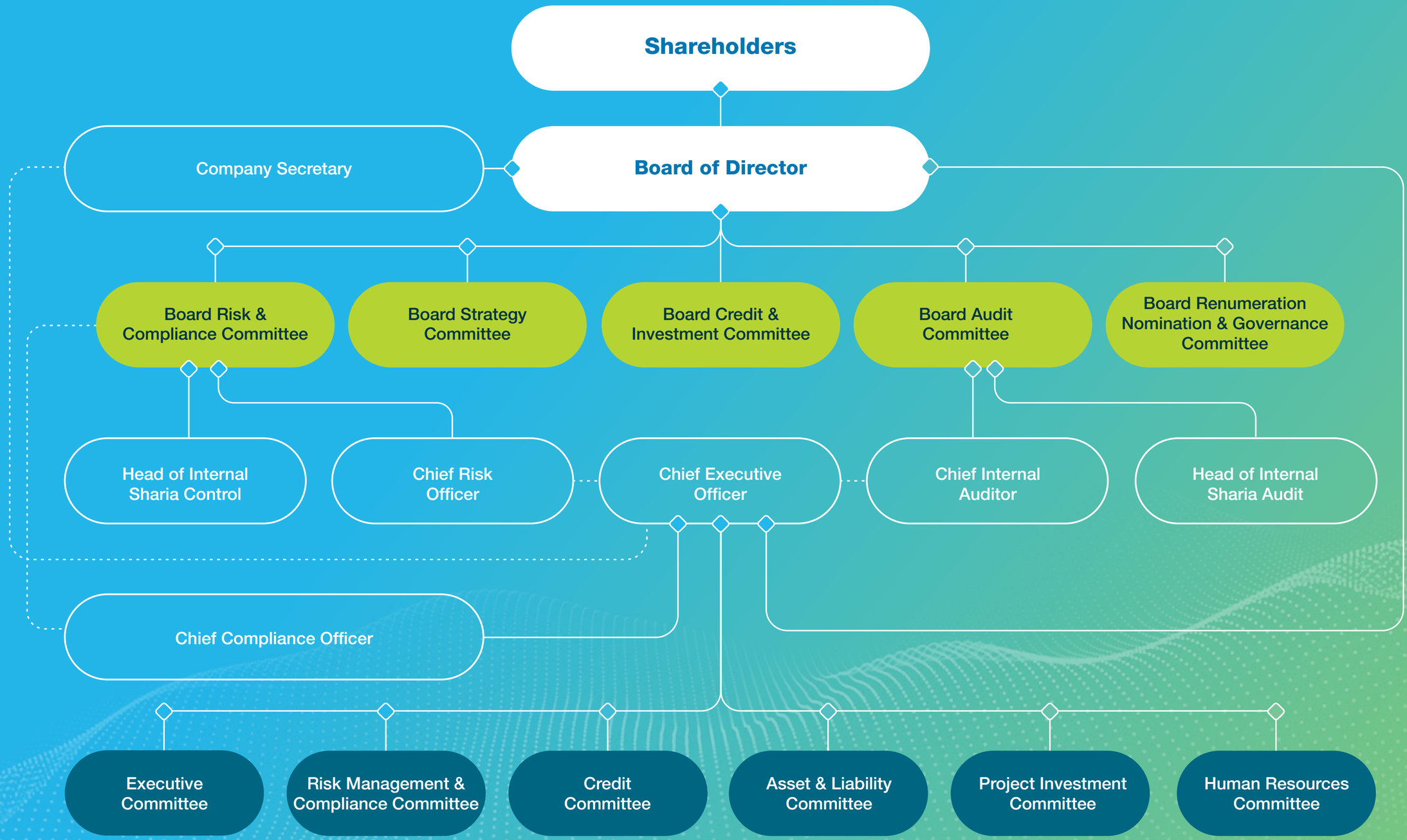
The Board is comprised of 11 members who are elected through the Annual General Meeting, for a term of three years. The formation of the Board of Directors takes into consideration the need to ensure that the Board and its Committees have the appropriate balance of skills, experience, knowledge of the Bank, and independence of mind to enable them to discharge their respective duties and responsibilities.

The Board operates five standing committees:

- Board Risk & Compliance Committee
- Board Credit & Investment Committee
- Board Strategy Committee
- Board Audit Committee
- Board Remuneration, Nomination & Governance Committee

The Board and its committees met a total of 57 times in 2024.

Corporate Governance Organisational Chart





Board Membership

	2023	2024
Board Members	11	11
Independent Board Members	36%	45%
Female representation at Board level[9]	0	1
Number of meetings held by the Board and its Committees	47	57

9 Further information on board diversity can be found in the report section titled 'High Performance Culture'

CBD's Directors' Code of Conduct Policy sets out how the Board of Directors is required to set the tone for the conduct of the whole organisation, and to ensure that CBD is committed to conducting its business in accordance with the highest ethical standards and in accordance with relevant legislation and regulations, including the Corporate Governance Regulations as defined in the Corporate Governance Manual. The policy emphasises how, in discharging their duties to the Bank, members of the Board shall, in particular, endeavour to:

- Comply with applicable laws and regulations, and with CBD's rules, policies and guidelines.
- Only act in the interest of the Bank, without allowing themselves to be influenced by personal interests or relationships.
- Avoid any situation which may give rise to a conflict of interest.
- Respect the obligation of confidentiality in respect of information received in the course of their duties, and continue to be bound by this obligation after termination of their mandate.
- Refrain from overstepping the powers conferred upon them.
- Respect the dignity and private lives of their colleagues, members of the other governing bodies of the Bank, staff members, and anyone whom they come in contact with during the discharge of their duties to the Bank.
- Make use of the Bank's name and resources only in the interest of the Bank.

CBD's Directors' Conflict of Interest Policy mandates that the Board of Directors are required to:

- Maintain the highest standards of ethics.
- Avoid, to the extent possible, activities that could create conflicts of interest, potential conflicts of interest, or appearance of conflicts of interest.
- Refrain from accepting appointments in competing institutions unless such appointment is decided by a federal or a local governmental authority.
- At all times, conduct themselves in a manner that enhances and promotes the reputation of the Bank.
- Not put themselves in a position that could lead to possible or perceived conflicts of interest between his/herself and the Bank.
- Ensure that his/her interests or those of a Connected Person do not (and are not perceived to) take precedence over the interests of the Bank.

Additional information on board independence, nomination and evaluation, skills and expertise, continuing professional development, performance evaluation, remuneration, as well as the management of conflicts of interest can be found in our 2024 Corporate Governance Report.

Whistleblowing Policy

The Whistleblowing Policy is an essential component of the Bank's Corporate Governance Framework and Risk Management Framework, designed to encourage and enable CBD employees, customers, and third parties to speak up freely and report potential or actual instances of wrongdoing, misconduct, unethical behaviour, or illegal activity within the Bank or relating to the Bank, which otherwise would have a detrimental impact on the image, reputation or assets of the Bank and its stakeholders, without fear of retribution. It sets procedures for the reporting party to anonymously disclose any concerns or suspicions regarding possible violations of applicable laws or regulations, or of internal Bank's policies, standards, or procedures, including CBD's values. The policy applies to all CBD staff members (permanent, contractors, and other external and temporary staff) as well as third parties, such as vendors, third party service providers, freelancers, volunteers and trainees who have entered contracts with the Bank.

Whistleblowing Cases	2024
Total number of whistleblowing cases filed in the reporting period (#)	9
Total number of whistleblowing cases addressed or resolved in the reporting period (#)	9
Percentage of whistleblowing cases that were substantiated (%)	33%

Executive Remuneration

The Remuneration, Nomination & Governance Committee of the Board is responsible for setting the overarching principles, parameters, and governance of CBD's remuneration framework for all employees, and the remuneration of the Management EXCO and other senior employees, as well as overseeing governance initiatives on behalf of the Board of Directors. CBD uses a balanced scorecard approach to measure employee performance across four categories: Financial, People, Customer, and Change Management/Strategic Initiatives.



Employees' Code of Conduct

CBD's Code of Conduct provides the guidelines of business practice, and professional and personal conduct, that all employees are expected to adopt and uphold as CBD employees. The Code of Conduct applies to all officers and employees of CBD which includes Commercial Bank of Dubai PSC and all its subsidiaries. The Code also applies by extension, and insofar as their contracts so provide, to third parties who have entered into contracts to provide services to the Bank. It specifically highlights employees' responsibilities regarding:



Compliance with Laws and Regulations



Confidentiality of Information and Data Privacy



Customer Information



Conflicts of Interest



Anti-Bribery and Corruption



Anti-Money Laundering



Insider Trading and Privileged Information



Anti-Trust and Anti-Competitive Practices



Diversity and Inclusion



Discrimination, Bullying and Harassment



Health and Safety



Corporate Social Responsibility



Manager Responsibilities



Annual Training



Compliance Linkage to Employee Remuneration and Disciplinary Actions



Whistleblowing



Non-Retaliation



Anti-Bribery and Corruption

The Bank enforces a zero-tolerance stance towards bribery and corruption in any form as set out in CBD's Anti-Bribery and Corruption policy. It does not allow the giving, offering, promising or receiving of bribes in any form, by any person. Further, CBD prohibits any political involvement, including lobbying and political spending, in accordance with the laws and regulations of the UAE. All employees and associated third parties are prohibited from:

- Offering, suggesting, or paying a bribe, or authorising such actions.
- Soliciting or accepting a bribe to influence a decision, gain unauthorised access to confidential information, or perform/omit an act, regardless of whether the outcome would have been the same without the bribe.
- Making facilitation payments, including facilitating these payments on behalf of customers.
- Using third-party service providers with inadequate standards in bribery and corruption management.
- Processing funds that are known or suspected to be the proceeds of bribery or corruption.

Human Rights

CBD is committed to promoting and respecting the protection of human rights in all our relationships with employees, suppliers, and other parties. Our Human Rights Policy Statement commitment includes:

- Complying with applicable employment laws, including without limitation, laws regarding minimum wage, working hours, overtime, hours free from work, acceptable living conditions, health and safety, and human rights.
- Providing a safe and healthy working environment taking into consideration the specific hazards relevant to our operations, and taking reasonable steps to prevent accidents and injuries in the workplace.
- Fostering a fair and inclusive work environment that is free of discrimination and harassment, and where diverse ideas and perspectives are respected and protected.
- Prohibiting all forms of forced and compulsory labour, which includes work or service exacted under the threat of penalty (including imprisonment), or for which the individual performing the work or service has not offered himself or herself voluntarily.
- Complying with applicable laws governing the minimum age of employment, including the prohibition of child labour.
- Supporting and respecting the protection of internationally proclaimed human rights and making sure we are not complicit in human rights abuse.

Financial Crime

Anti-Money Laundering (AML) & Counter Terrorism Financing (CTF) Policy

The objective of CBD's AML and CTF Policy is to prevent the use of the Bank's products and services for money laundering, financing of terrorism, or other illegal purposes. The policy is applicable to all CBD employees, including trainees, contractors and other external and temporary staff, Board Members, as well as outsourced agents, representatives and other third parties associated with CBD. CBD's AML and CTF Compliance Programme, which underpins the AML and CTF Policy, is fundamental to ensuring compliance with relevant laws and regulations and upholding the Bank's reputation and integrity. This programme utilises a Three Lines of Defence model, establishing a strong control environment to effectively mitigate and manage the risks of money laundering and terrorism financing across the Bank and its subsidiaries.

Sanctions Policy

CBD recognises that failure to comply with applicable sanctions programmes and regimes would not only constitute a breach of legal and/or regulatory requirements, but could carry significant reputational damage and financial loss for the Bank. The Bank's Sanctions Policy aims to prevent CBD from engaging in any business activity that may represent a breach of applicable sanctions or expose the Bank to legal, regulatory, or reputational risks.

Compliance Monitoring and Reporting

The Compliance Department has oversight for the management of Financial Crime and Regulatory Risk throughout the Bank. Actions to improve the effectiveness of the control environment are tracked through the Risk Control Self-Assessment, and a gap analysis is performed on each regulation to track and close any actions to address non-compliance with the regulations.

What's Next?

In 2025, CBD will maintain the high levels of corporate governance it is known for, and ensure that the policies and procedures of the Bank are in line with any updates expected by UAE Governance Regulations and international standards for corporate governance.



Governance

Cyber Security

Our Approach and Progress

Protecting our customers and safeguarding their information is essential to our business success. Customers, suppliers, and companies with whom we do business trust us to be good stewards of their confidential information, whether that information relates to financial, personal or business matters. The Bank's Information Security Management System is certified to ISO/IEC 27001, and fully compliant with UAE's Information Assurance Regulation, the Payment Card Industry (PCI) Data Security Standards, the SWIFT CSCF, and Article 6 of the Consumer Protection Regulation.

There is a dedicated Technology Risk function reporting through the Chief Information Security Officer ("CISO") to the Chief Risk Officer. This function is responsible for establishing the Information Security Management Framework through maintaining information security policies, information security awareness, and through the continuous monitoring of threats and security assessments. Technology risk reports, reflecting the status of Information and Cyber Security Risks, are presented to the Operational Risk Management Committee, the RMCC, and the BRCC.

The Bank maintains a complete set of systems and tools to protect the system's accessibility, applications, confidentiality, integrity, data, and network from cyber threats. The information we store is protected by advanced technology and multi-layered privacy safeguards appropriate to the sensitivity of the data. This includes rigorous encryption and verification standards to ascertain the identity of an individual. The Bank conducts regular assessments internally to identify, assess, and prioritise information security risks and vulnerabilities. Critical vulnerabilities are immediately addressed through risk mitigation measures and appropriately monitored and reported on. In addition, third-party vendors are engaged to perform vulnerability assessments and penetration testing.

The Bank has a Business Continuity Framework and a comprehensive recovery plan in place, in the event of any data breach. The Bank's business continuity management testing programme and results are reviewed by the Board Risk & Compliance Committee at least annually. The Bank performs simulation and tabletop exercises at least annually, to sustain and refine the organisation's ability to handle cyber security incidents, in accordance with best practices.

CBD's employees play a critical role in defending the Bank from cyberattacks. CBD provides regular information and cyber security awareness campaigns to ensure all employees are aware of the latest cybersecurity threats and tactics, and remain vigilant to such attacks. Employees are trained to report suspected phishing attempts instantly through embedded features in Microsoft Outlook. As per the Bank's Code of Conduct and its Information Security Policy, employees are responsible for reporting any security incidents or breaches to their direct management. All employees receive formal training on information and cyber security as part of the Bank's annual mandatory training.









Microsoft Security Simulation Event

In March 2024, CBD's Technology Risk team participated in a Cyber Wargame simulation hosted by Microsoft. The team competed against peers from other banks and financial institutions. The cyber simulation competition 'Into the Breach' focussed on XDR/SIEM Incident Response, and tested defence skills by competing against fellow SMEs in intense real-world security breach simulations. The players took on the role of security analysts managing an incident response investigation from a simulated ransomware attack. The simulation provided an opportunity to test the organisation's ability to handle cyber security incidents.

Certification

ISO 27001 Information Security Management System

ISO 27001 is the leading international standard for the protection of information security. The standard sets out specific requirements for establishing, implementing, maintaining and continually improving the information security management framework. In November 2024, TNV, who are accredited by the International Accreditation Services (IAS), awarded the Bank ISO 27001:2022 Information Security Management System certification for the second consecutive year.

ISO 22301 Business Continuity Management System

ISO 22301 is the leading international standard for business continuity management. The standard establishes requirements to help organisations prepare, effectively respond, and maintain operations during disruptions such as natural disasters, cyberattacks, or other unforeseen events. In November 2024, TNV, who are accredited by the IAS, awarded the Bank ISO 22301:2019 Business Continuity Management System certification for the second consecutive year.

What's Next?

CBD will continue to implement the necessary security measures to ensure the protection, accuracy, and reliability of CBD's information, information systems, and the whole network infrastructure. The cyber threats targeting banks and institutions that store personal data are continually advancing. CBD will continue to proactively address these emerging threats to empower a safe and sustainable environment.

Appendices

A - Material Initiatives Mapping 2023 to 2024

2023 Pillar	2023 Material Initiative	2024 Pillar	2024 Material Initiative
Environment	Responsible Lending and Investing	Environment	Sustainable Finance
Environment	Climate Risk Management	Environment	Climate Risk Management
Environment	GHG Emissions	Environment	Responsible Operations
Environment	Environmental Impact of our Operations	Environment	
Environment	Sustainable Procurement Practices	Environment	
CBD People	Talent Acquisition and Retention	People	Talent Acquisition and Retention
CBD People	Emiratisation	People	High Performance Culture
CBD People	Diversity, Equity, and Inclusion	People	
Financial Inclusion	Access and Affordability	Community	Customer Protection
Financial Inclusion	Financial Literacy and Education	Community	
Financial Inclusion	Responsible Labelling and Marketing	Community	
Financial Inclusion	SME Lending	N/A[10]	
Community	Customer Experience	Community	Customer Experience
Community	Digitalisation	Community	
Community	Philanthropic Donations	Community	Community Impact
Community	Social Advocacy	Community	
Governance	Ethics, Compliance, and Governance	Governance	Corporate Governance & Business Ethics
Governance	Transparency, Accountability, and Reporting	Governance	Business Ethics
Governance	Privacy and Cyber Security	Governance	Cyber Security
Governance	Business Continuity	Governance	

10 Deprioritised from the material initiative list.

Appendices

B – ESG Data and KPIs

1. Environment

1.1. Climate Risk Management	2024
Portfolio exposure to economic activities with high climate risk (%)	13.8%
Wholesale banking exposure to economic activities with high climate risk (%)	18.2%

1.2. Sustainable Finance	2024
Green bonds issued (USD mn)	500
Eligible green loan portfolio (AED mn)	2,511[11]
Attributable lending to green buildings (AED mn)	1,364[11]
Attributable lending to renewable energy (AED mn)	541[11]
Attributable lending to sustainable transport (AED mn)	606[11]
Financed emissions avoided (tCO2e/year)	101,778[11]
Financed emissions avoided per million invested (tCO2e/year/AED mn)	45[11]

1.3. Responsible Operations			
Greenhouse Gas ('GHG') Emissions			2024
Total GHG emissions (tCO2e)			13,418
Total scope 1 GHG emissions (tCO2e)			952
Total scope 2 GHG emissions - location-based (tCO2e)			7,784
Total scope 3 GHG emissions (tCO2e)			4,681
Energy	2022	2023	2024
Energy intensity (GJ/FTE)	59	53	53
Water and Effluents	2022	2023	2024
Water intensity (m3/FTE)	31	29	27

2. People

2.1. Workforce Structure		2021	2022	2023	2024
Total full-time employees (#)		1,012	1,037	1,200	1,187
By gender	Females (#)	425	446	516	516
	Males (#)	587	591	684	671
	Females (%)	42%	43%	43%	43%
	Males (%)	58%	57%	57%	57%

2.2. Emiratisation	2021	2022	2023	2024
Emiratisation rate[12] (%)	34.7%	35.0%	37.1%	37.8%
UAEN employees (#)	351	363	445	449

2.3. Learning and Development		2021	2022	2023	2024
Total training hours (#)		11,360	25,317	46,232	34,338
By gender	Female (#)				18,135
	Male (#)				16,203
By UAEN					18,644
Average training hours (#)		8.5	20.0	42.4	28.9
By gender	Female (#)				35.1
	Male (#)				24.1
By UAEN					41.5

11 As at 28 February 2024
12 Target is 45% by 2026 year-end

Appendices

B – ESG Data and KPIs

3. Community

3.1. Customer Protection	2022	2023	2024
Total financial literacy and education communications (#)	21	30	52

3.2. Digitalisation	2021	2022	2023	2024
Proportion of retail customers digitally registered (%)	86%	92%	97%	96%
Proportion of corporate customers digitally registered (%)	83%	86%	89%	89%

3.3. Community Impact	2022	2023	2024
Total direct community investments (including donations and charity) (AED m)	3.2	2.9	1.9

4. Governance

4.1. Corporate Governance and Business Ethics		2023	2024
Board of Directors			
Total number of Board of Directors (#)		11	11
Total number of independent Board members (#)		4	5
Percentage of independent board members (%)		36%	45%
Board composition by gender	Female (%)	0%	9%
	Male (%)	100%	91%
Board average age (years)			53
Board age range (years)			25 to 65
Number of Board Members Serving over 5 Years (#)			6
Number of Board Members Serving over 10 Years (#)			2
Meetings held by the Board and its subcommittees (#)		47	57

4.2. Business Ethics	2024
Total number of whistleblowing cases filed in the reporting period (#)	9
Total number of whistleblowing cases addressed or resolved in the reporting period (#)	9
Percentage of whistleblowing cases that were substantiated (%)	33%

Appendices

C - Financed Emissions Baseline Exercise Scope & Approach

During 2023, with the support of an external expert advisory firm, we calculated financed emissions. We prioritised five sectors based on CBD's exposure to GHG emission intensive sectors. Within these sectors, we focussed on the part of the value chain where transition efforts are most needed to bring the end-to-end value chain in alignment with the International Energy Agency's (IAE) Net Zero Emissions (NZE) scenarios. Our financed emissions calculations cover the subset of lending activities depicted in this chart.

Portfolio Scoping:

Oil & Gas	Upstream	Trading	Midstream	Storage	Downstream	Integrated Players
Power	Power Generation	Transformation & Distribution	Electricty Off-takers	Integrated Players		
Aviation	Suppliers	Airplane Manufacturers	Airliners (Including leased aircraft)	Logistics, Maintenance & Other Services		
Cement	Suppliers	Production	Recycling			
Steel	Mining Iron	Transport	Production	End Users	Recycling	

= Included in baseline

Data limitations and quality:

Given that this was CBD's first time performing a GHG emissions calculation, we encountered some data limitations, and used proxy data when available and appropriate to address our data limitations. Quality control procedures were performed to ensure the quality of underlying data collected, calculations performed, and assumptions.

With respect to financed emissions, our overall PCAF data quality score at year-end 2022 data was 3.6, on a scale of 5 to 1, wherein 5 is the lowest and 1 is the highest. In recognition of the importance of calculating financed emissions and the insights they provide into our climate risk profile, CBD became a member of the Partnership for Carbon Accounting Financials in 2024.

Appendices

D - Own Operations & Supply Chain GHG Emissions Methodology

CBD's calculation of GHG emissions is based on the global standard Greenhouse Gas Protocol methodology developed by the World Resources Institute, and the World Business Council for Sustainable Development. CBD applies an operational control method of consolidation. Our Own Operations and Supply Chain GHG reporting excludes financed emissions.

We have reported our GHG emissions for 2024.

Scope 1 GHG emissions

Scope

Emissions from company-leased vehicles used for business and fugitive emissions from the use of refrigerants in heating, ventilation and air-conditioning (HVAC) systems. Fuel consumption by the Bank's back-up generators is immaterial.

Method

Petrol used in company-leased vehicles

Fuel consumption (in litres) recorded as per invoices paid to suppliers is converted to carbon dioxide equivalent emissions, using emission factors from the GHG Protocol.

Refrigerants

Fugitive emissions are estimated based on the refrigerant loss value and Global Warming Potential of the refrigerant. The refrigerant loss value is estimated based on the type of cooling system, associated estimated annual leakage rates, and cooling capacity. GWP factors are sourced from the IPCC Fifth Assessment Report (AR5).

Scope 2 GHG emissions

Scope

Emissions from the use of electricity in the Bank's owned or rented properties, including electricity consumption related to the Bank's data centres. This excludes properties owned by the Bank but leased to third parties. In cases where CBD occupies a portion of a building it owns and rents out the remaining space to third parties, electricity consumption associated with building chillers and common areas is included in Scope 2 emissions as CBD maintains operational control.

Method

Electricity consumption (in kWhs) is obtained directly from utility provider online portals and billed invoices. Separate grid emission factors were used for Dubai, Abu Dhabi, and all other Emirates, as per the GHG Protocol's location-based reporting guidance. CBD does not have contractual instruments to purchase energy and therefore its location-based and market-based Scope 2 reporting are the same.

For Dubai, CBD used grid emission factors (2022-2023) from the Dubai Electricity and Water Authority (DEWA)[13]. For Abu Dhabi, we used the grid emission factors (2022-2023) from the Emirates Water and Electricity Company (EWEC)[14]. For all other Emirates, national power grid emission factors (2019) were obtained from the United Arab Emirates First Long-term Strategy (LTS)[15].

13 DEWA_Sustainability_Report_2023_English
14 Statistical Reports | Emirates Water and Electricity Company (EWEC)
15 UAE_LTLEDS.pdf

Scope 3 GHG emissions

Scope

Emissions from the following sources are included

- Purchased goods and services related to paper consumption and IT equipment.
- Business travel, including travel by air and road as well as hotel stays.
- The use of electricity in the Bank's owned properties that are leased to third parties, for buildings where we hold the supply contract directly with the local utility provider.
- Municipal and recycled waste generated in operations for owned properties.
- Employee commuting by public and private transport.

Method

Purchased Goods and Services

Emissions from the consumption of paper are calculated using the volume and weight of paper ordered per supplier invoices, and emission factors from the UK's Department for Environment, Food and Rural Affairs (DEFRA). For IT assets, the number of desktop and laptop sets purchased per supplier invoice is multiplied by the "cradle to gate" emissions disclosed by relevant manufacturers.

Business Travel

For business travel by road, the distance travelled (in km) for business travel by privately-owned or hired vehicles was calculated using location data from our expense system. For business travel by air, flight details including the flight origin, destination, and routing are obtained from our travel agency. The distance between airports is determined using the ICAO Carbon Emissions Calculator Passenger Calculator. Emission factors are obtained from the U.S. Environmental Protection Agency Emission Factors for Greenhouse Gas Inventories published in April 2023.

For hotel stays, the number of room nights (including day rates) in a country is obtained from our travel agency. Country specific emission factors are sourced from the UK's DEFRA.

Downstream Leased Assets

For buildings where CBD holds the supply contract directly with the utility provider, electricity consumption (in kWhs) is obtained directly from the utility providers' online portals and billed invoices.
For Dubai, CBD used grid emission factors (2022-2023) from the Dubai Electricity and Water Authority (DEWA)[16]. For Abu Dhabi, we used the grid emission factors (2022-2023) from the Emirates Water and Electricity Company (EWEC)[17]. For all other Emirates, national power grid emission factors (2019) were obtained from the United Arab Emirates First Long-term Strategy (LTS)[18].

Waste Generated in Operations

For both municipal and recycled waste, the weight of waste collected is obtained from billing invoices from waste collection companies. Emission factors are obtained from the U.S. EPA Emission Factors for Greenhouse Gas Inventories published in April 2023.

Employee Commuting

Employee commute data (e.g. office commute distance, modes of transport, number of days commuted) was sourced by conducting an internal survey in 2023 and extrapolating the results to the entire workforce. The emission factors were sourced from the U.S. EPA Emission Factors for Greenhouse Gas Inventories published in April 2023.

16 DEWA_Sustainability_Report_2023_English
17 Statistical Reports | Emirates Water and Electricity Company (EWEC)
18 UAE_LTLEDS.pdf

Appendices

E – Acronyms

AI	Artificial Intelligence
AML	Anti-Money Laundering
AR5	Fifth Assessment Report
ATMs	Automated Teller Machines
BRCC	Board Risk & Compliance Committee
CBD	Commercial Bank of Dubai
CBUAE	Central Bank of the UAE
CCDM	Cash/Cheque Deposit Machine
CODE	Collaboration, Ownership, Delivery and Excellence
CRS	Common Reporting Standard
CSAs	Customer Service Advisors
CSAT	Customer Satisfaction
CTF	Counter Terrorism Financing
DCPD	Dubai Club for People of Determination
DD	Due Diligence
DEFRA	Department for Environment, Food and Rural Affairs
DEWA	Dubai Electricity and Water Authority
DIFC	Dubai International Financial Centre
EBRD	European Bank for Reconstruction and Development
EIC	European Identity & Cloud Award
EIF	Emirates Institute of Finance
ESG	Environmental, Social and Governance
EWEC	Emirates Water and Electricity Company
EXCO	Executive Committee
FSF	Future Sustainability Forum
FY	Fiscal Year
GBP	Green Bond Principles
GHG	Greenhouse gas
GWP	Global Warming Potential
HPE	Hewlett Packard Enterprise
HR	Human Resources
HVAC	Heating, Ventilation and Air-Conditioning
IAE	International Energy Agency
IAS	International Accreditation Services
ICAO	International Civil Aviation Organisation
ICF	International Coaching Federation
ICMA	International Capital Market Association
IFRS	International Financial Reporting Standards
IPCC	Intergovernmental Panel on Climate Change
ISSC	Internal Sharia Supervision Committee
JARC	Jebel Ali Racecourse
KPIs	Key Performance Indicators
KYC	Know Your Customer
L&D	Learning and Development
LEED	Leadership in Energy and Environmental Design
LTS	Long-term Strategy
LXP	Learning Experience Platform
MLAB	Mandated Lead Arrangers
NDCS	National Determined Contributions
NZE	Net Zero Emissions
PCAF	Partnership for Carbon Accounting Financials
PCI	Payment Card Industry
POS	Point of Sale
RAS	Risk Appetite Statement
RMCC	Risk Management & Compliance Committee
SBP	Social Bond Principles
SCA	Securities and Commodities Authority
SDGs	Sustainable Development Goals
SFF	Sustainable Finance Framework
SLL	Sustainability-Linked Lending
SLP	Social Loan Principles
SMEs	Subject Matter Experts
UBF	UAE Banks Federation
UN SDGs	United Nations' Sustainable Development Goals
UX	User Experience
VARA	Virtual Assets Regulatory Authority
VASPs	Virtual Asset Service Providers
VCA	Visa Consulting and Analytics
VUCA	Volatility, Uncertainty, Complexity, and Ambiguity

Corporate Governance

04

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Chairman's Message
to Shareholders on Corporate Governance



"Our commitment to the highest standards of corporate governance is the cornerstone of our success. We have a rigorous governance framework that ensures transparency, accountability, and ethical conduct across all operations. This dedication not only fortifies our integrity but also drives sustainable, long-term value for our stakeholders."

Ahmad Abdulkarim Julfar

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the 2024 Corporate Governance Report of Commercial Bank of Dubai PSC.

The Bank is committed to the principles of integrity, accountability, and transparency in all its business dealings, ensuring fairness to clients, investors, shareholders, and community. The Bank views good corporate governance as pivotal for long-term success. Recognising that corporate governance is a dynamic concept, the Bank continuously evolves its rules, systems, and processes in line with evolving regulations and trends. Consequently, the Bank not only adheres to corporate governance regulations issued by the relevant authorities in the UAE but also aligns with international standards of good corporate governance.

Setting the Benchmark: Leading with Excellence and Integrity

Over the past few years, we have diligently maintained and enhanced our Corporate Governance Framework to not only meet but exceed regulatory expectations and align with international best practices. The Bank has undergone rigorous regulatory and voluntary reviews, including commissioning assessments by leading third parties, to elevate our corporate governance practices.

Our commitment to excellence in corporate governance is a testament to our dedication to upholding the highest standards. This dedication highlights our success in fostering transparency, accountability, and ethical conduct across all our operations, reinforcing our position as a leader in corporate governance within the region.

Ensuring Independent Oversight: Strengthening Board Independence

In early 2024, a test of Directors' independence was conducted post-election of new directors, identifying five (5) as 'independent' per CBUAE's Corporate Governance Regulations & Standards. This independence is crucial for ensuring unbiased oversight and decision-making. Following this assessment, the Board updated committee compositions to ensure full compliance. The Audit Committee consists entirely of independent members, ensuring its objectivity and integrity, while the Risk & Compliance Committee has a majority of independent members, strengthening its effectiveness in overseeing risk management and compliance.

Board Composition: Ensuring Collective Suitability

The Board of Directors at the Commercial Bank of Dubai (CBD) comprises eleven (11) members, including five (5) independent directors and one (1) female director. The Board adheres to the Collective Suitability and Diversity standards set by the Central Bank of the UAE, ensuring that members possess the necessary experience, knowledge, and skills to oversee all aspects of the Bank's operations, including risk management. The Board is responsible for setting the Bank's strategy, providing effective leadership, direction, and oversight, and fostering independent opinions and constructive challenges in the decision-making process.

To enhance governance, CBD engaged a renowned international consulting firm, to conduct an evaluation of the Board in 2023. Following this, an annual internal evaluation was carried out in 2024, assessing the Board as a whole, its committees, and individual members. This included an evaluation of the independence of the members to ensure the Board's effectiveness, compliance, and governance, and to identify areas for improvement.

Directors Continuing Professional Development: Ensuring Effective Oversight

Considering the increasing demands on the boards of banks regarding governance and the importance of Directors' ongoing professional development, the Board attended seven workshops in 2024:
Induction Programme for new Directors, Strategic Planning in the Era of Permacrisis, Fiduciary Duties and Corporate Governance, Board Effectiveness, AI in Financial Services, Climate Risk, Financial Crime and Cybersecurity Risks.

Environmental, Social, and Governance (ESG): Sustainable Banking

CBD's Board of Directors continue to embrace our commitment to a green economy and to supporting customers in their transitions. Climate Risk has been identified as a Top Emerging Risk and is being reported to the Board Risk & Compliance Committee on a regular basis. Updates continue to be provided on the broader set of ESG initiatives, including sustainable finance, to the Board of Directors.

Finally, I want to take this opportunity to thank all my colleagues on the Board, and all of the Bank's employees for their support in this special year.

Ahmad Abdulkarim Julfar
Chairman

Key Governance Highlights and Activities in 2024

Dynamic Governance

CBD's Board of Directors collectively possess the skills, knowledge, and experience necessary to govern the Bank effectively. The Board continuously monitors and develops its members' expertise through ongoing professional development to ensure effective oversight and governance, maintain a diverse skill set, and address any gaps in collective expertise. In 2024, the Bank facilitated seven training sessions for the Board Members.

The Bank has established cross-departmental management committees and forums, comprising members from various departments, to oversee the Bank's affairs. These committees convene frequently to foster collaboration, identify risks and opportunities, and ensure diverse input. This structure facilitates quicker decision-making and the development of innovative solutions, enhancing the Bank's overall effectiveness and responsiveness. By bringing together different perspectives and expertise, these committees play a crucial role in driving the Bank's strategic initiatives and operational excellence.

Delegation of Authority

The Board's responsibilities include ensuring that appropriate policies, supported by an effective Corporate Governance Framework, are in place. A key element of this framework is the Delegation of Authority (DoA) from the Board to the Board Committees and Management, with ongoing oversight of activities aligned with good corporate governance practices.

The Board acknowledges that delegating authority does not absolve it of responsibility. CBD's delegation policy and matrix specify the activities, authorised individuals, and conditions for exercising delegated authority.

Additionally, the Bank has a Policy Management Framework and DoA Policy that provide guidance for managing and governing bank-wide policies, and defining reviewing and approving authorities in line with regulatory requirements.

Board and Management Performance Evaluation

The Bank has established a mechanism to annually assess the Board's performance relative to its objectives. This includes evaluating the performance of the Board, Board Committees, and individual directors, as well as assessing the independence of the members. Additionally, an external independent party is invited to conduct a performance evaluation of the Board prior to the conclusion of a three-year term. This ensures an energised, proactive, and effective Board capable of fulfilling all its obligations in a dynamic environment. In November 2023, Heidrick & Struggles a leading external consultant conducted an independent evaluation of the CBD Board. In 2024, the Bank conducted an internal Board evaluation.

Furthermore, the Bank annually assesses the performance of Senior Management and Management Committees relative to their objectives and fitness and propriety standards, including honesty, integrity, competence, and capability.

Enhancement of the Corporate Governance Disclosures

The Bank is committed to providing timely, orderly, consistent, accurate, and balanced disclosure of all material information. This ensures fair and equal access to information, in compliance with legal and regulatory requirements, thereby fostering greater stakeholder confidence.

In our efforts to continuously enhance transparency and disclosures, CBD has enhanced its disclosures in the Corporate Governance report and website. We take pride in the breadth of governance disclosures available on our website, which we believe foster stakeholder confidence.

Culture Assessment

The Bank has developed a Culture Dashboard to comprehensively assess and monitor the overall organisational culture. This tool evaluates the effectiveness of initiatives aimed at fostering a positive company environment and ensures alignment with the Bank's core values and strategic objectives. The Culture Dashboard provides input on key performance indicators (KPIs) covering the areas of Customers, People, Integrity, and Compliance.

The Culture Dashboard is tracked on a monthly basis, providing Senior Management and the Board with timely data and insights. This enables proactive decision-making and timely interventions to address any areas of concern. By continuously monitoring these KPIs, the Bank ensures it fosters a positive, ethical, and compliant culture that supports its long-term success and sustainability.

Diversification & Inclusion

Gender diversity is essential for fostering innovation, driving equitable opportunities, and creating inclusive environments where all individuals can thrive. At CBD, we believe that a diverse workforce strengthens our company. By embracing gender diversity, we challenge biases, unlock potential, and pave the way for a more balanced and sustainable future.

The Central Bank of the UAE and the Securities and Commodities Authority's Corporate Governance Standards for Banks mandate that at least 20% of the candidates considered for appointment to the Board of a listed company must be female, and at least one Board member must be female. CBD was delighted to welcome its first female Board member in 2024.

	2022	2023	2024
Female employees (%)	43%	43%	43%
Male employees (%)	57%	57%	57%

Emiratisation

As a national bank, we are immensely proud to support the UAE's visionary Emiratisation efforts, as we believe in nurturing the next generation of UAE national talent to achieve their ambitions. We are not only investing in the future of these young leaders, but also in the banking and financial services sector in the UAE.

In 2024, we received three prestigious awards in the second cycle of the Nafis Awards programme, recognising our commitment to nurturing Emirati talent in the private sector. CBD was acknowledged with an award in the bronze entities category. We continue to seek out ways to celebrate our Emirati heritage and culture and promote Emiratisation within CBD.

Emiratisation Overview

	2022	2023	2024
UAE national employees (#)	363	445	449
Overall Emiratisation rate (% of total workforce)	35%	37%	38%

Risk Management Strategy & Exposure

The Board of Directors holds ultimate accountability for risks and is responsible for appraising and ensuring appropriate governance in setting strategy, risk appetite, operating plans, performance targets, and compensation plans. Through these activities, the Board establishes the 'tone from the top' for the Bank's risk culture.

The Bank has implemented a Risk Management Framework (RMF) that outlines a comprehensive approach to effectively managing risk in the execution of its business strategy across all key areas of activity. The RMF encompasses a suite of tools and techniques to ensure risks are identified, managed, and escalated effectively. These tools and techniques include the Risk Appetite Statement, Risk Map, Top and Emerging Risks, Internal Capital Adequacy Assessment Process, Stress Testing, Culture Dashboard, ESG Dashboard, Recovery Plan, Risk & Control Self-Assessment, Key Risk Indicators, and Policies & Limits.

The Risk Management Framework is an evolving document that is continuously updated to align with changes in the business and regulatory landscape. In 2024, it was further revised to incorporate CBUAE's requirements for the Shari'ah Compliance Function, Climate Risk, and Operational Resilience Risk as emerging risks.

The Bank is exposed to various material risk types that are managed and periodically reported to senior management and the Board via the Risk Appetite Statement. These include, but are not limited to, credit, market, operational, compliance, people, capital adequacy and financial performance, liquidity, climate, and Shari'ah.

Moving forward, CBD is committed to continuously enhancing its policies, processes, people, and systems to keep pace with the rapid changes in the regulatory and business landscape. The primary focus will be on further strengthening the control functions, including Risk, Compliance, and Internal Audit, to ensure effective compliance with applicable regulatory requirements and to safeguard the best interests of all stakeholders.

Overview
Board of Directors



H.E. Ahmad Abdulkarim Julfar
Chairman

Independent, Non-Executive
Board Member since: March 2018
End of current term: March 2027
Elected as Chairman of the Board on 6 March 2024
Elected as a representative of Investment Corporation of Dubai
Qualification: Bachelor's Degree in Civil Engineering and Computer Science from Gonzaga University, USA and a graduate of the Mohammed Bin Rashid Programme for Leadership Development

H.E. Ahmad Abdulkarim Julfar currently serves as the Vice Chairman of Emirates Integrated Telecom Company. He has dedicated 30 years to the Etisalat Group both in the UAE and abroad, holding numerous positions, most notably as Chief Executive Officer. His distinguished career includes roles such as Chairman of the Board of Directors for the Thuraya Group and Etisalat Services Holding, as well as Deputy Chair of the GSM Association.

His numerous achievements have been widely recognised. In 2014, he was honoured as Telecom Leader of the Year by the Mobile World Congress, and in 2013, he was named CEO of the Year – Telecom by CEO Middle East. In 2016, H.E. Ahmad Abdulkarim Julfar was appointed as Director General of the Dubai Community Development Authority.



H.E. Ahmad Abdulla Binbyat
Vice Chairman

Non-Independent, Non-Executive
Chairman of Board Strategy Committee
Board Member since: March 2024
End of current term: March 2027
Elected as Vice Chairman of the Board on 6 March 2024
Qualification: Bachelor's Degree in Science Technology Management from Boston University, USA

H.E. Ahmad Binbyat currently serves as the Founding Chairman and CEO of Zaina Investments LLC, a private family office, and Vice Chairman of the Dubai Chamber of Digital Economy. Additionally, he is a member of the Higher Committee for Future Technologies for Dubai, and a Board Member of Trustees for Dubai National University.

Throughout his illustrious career, H.E. Binbyat has held numerous key positions, including Founding Chairman of Emirates Integrated Telecommunications Company (du), Vice Chairman of Dubai Holding, and Director General of the Dubai Creative Clusters Authority. His contributions to Dubai's development are significant, having established organisations such as Empower and the Dubai Real Estate Corporation (Wasl), among others.



Dr. Abdulla Mohamed Al Karam
Director

Non-Independent, Non-Executive
Chairman of Board Remuneration, Nomination, and Governance Committee
Board Member since: March 2024
End of current term: March 2027
Qualification: Doctorate in Philosophy, Master's Degree in Engineering, and Bachelor's Degree in Science in Engineering

Dr. Abdulla Al Karam currently serves as a Board Member of Orient Insurance PJSC, Dubai Sports Council, Dubai Media Council, and Dubai Cares. Internationally, he is a member of the International Positive Education Network (IPEN) advisory board and an Education Committee member of the Global Council for Happiness and Wellbeing.

He served as the Director General of the Dubai Knowledge and Human Development Authority from 2006 to 2024. Additionally, he has held positions as a Board Member for The Digital School, the Higher Committee for the Protection of the Rights of People with Disabilities in Dubai, the Emirati Human Resources Development Council, and UAE University.



Mr. Abdulwahed Al Fahim
Director

Independent, Non-Executive
Chairman of Board Risk and Compliance Committee
Board Member since: March 2018
End of current term: March 2027
Elected as a representative of Investment Corporation of Dubai
Qualification: Bachelor's Degree in Business Administration Management from St. Edward's University, USA

Mr. Abdulwahed Al Fahim is the Chairman of the Board of Directors of Nasdaq Dubai and a Board Member of EGA since 2014. He also serves as a Board Member of DUBAL Holding LLC and Emirates Development Bank. With over 25 years of experience in banking and finance with the Emirates NBD Group, he has held significant roles including serving as a Board Member of both Emirates NBD Capital and Emirates NBD Asset Management. Mr. Al Fahim has also served as General Manager of the Corporate and Wholesale Banking divisions of Emirates NBD Bank, before being appointed as Group Deputy Chief Executive Officer of the Bank in 2009.

Overview

Board of Directors



Mr. Ali Fardan Al Fardan
Director

Non-Independent, Non-Executive
Board Member since: March 2011
End of current term: March 2027
Qualification: Bachelor of Science in Information System from the Metropolitan State College, USA

Mr. Ali Al Fardan currently serves as a Board Member of Dubai Investments PJSC, National General Insurance Co. PJSC, and Al Mal Capital. He also holds the position of Vice Chairman at Naif Marine Services Co. PJSC and is the Chairman of several organisations, including Al Fardan Group LLC, Al Fardan PTC Holding Limited, and Embassy Capital Limited. He is also the Owner of ABF Investments LLC.



Mr. Buti Saeed Al Ghandi
Director

Independent, Non-Executive
Chairman of Board Credit and Investment Committee
Board Member since: March 2015
End of current term: March 2027
Qualification: Bachelor's Degree in Business Administration & Finance from George Washington University, USA

Mr. Buti Al Ghandi serves as the Managing Director of Al Ghandi Group Enterprises LLC and Desert Group Investment LLC, and as Chairman of the Board of Emirates Investment and Development Company PSC. He is also the Managing Director of Meethaq Employment Agency, Chancellor of the Canadian University of Dubai, Vice Chairman of Dubai World Trade Centre, and a Board Member of the Dubai Chamber. He was a member of the Board of Zakat Fund and served as a Board Director of Union National Bank PJSC, Dubai Islamic Bank. Additionally, he was Vice Chairman of Union National Bank in Egypt and Vice Chairman of Oman Insurance Company.



Mr. Hadi Taher Badri
Director

Non-Independent, Non-Executive
Board Member since: March 2024
End of current term: March 2027
Qualification: Bachelor's Degree in Economics from Tufts University, USA

Mr. Hadi Badri is currently the CEO of the Dubai Economic Development Corporation. Prior to this, he held several key positions, including CEO of Emaar International from 2019 to 2022 and Group Chief Strategy Officer from 2017 to 2018. He also served as the Chairman of Namshi between 2019 and 2022. In addition, Mr. Badri has contributed his expertise as a Board Director for Emaar Properties, where he was involved in various sectors such as real estate, e-commerce, and hospitality. Notably, he played a significant role in overseeing Emaar's real estate development ventures in India, Turkey, Pakistan, Morocco, and Jordan, serving on the boards of 15 different companies within these sectors. Mr. Badri has also served as a Board Director at Sandooq Al Watan and Rivoli Group. Furthermore, he has been a Member of Investment Advisory Committees at Middle East Venture Partners (MEVP) and Carlyle MENA Partners.



Mr. Khalid Abdul Wahed Al Rostamani
Director

Non-Independent, Non-Executive
Board Member since: March 2008
End of current term: March 2027
Qualification: Bachelor's Degree in Finance from the George Washington University, USA

Mr. Khalid Al Rostamani was appointed Deputy Chairman of the Board of Commercial Bank of Dubai in 2012. He is the CEO and Chairman of the A.W. Rostamani Group of Companies and the founder and Chairman of BCD Travel Transport and Freight Forwarding. Additionally, he serves as a Board Director for Dubai Insurance Company (P.S.C.) and Etisalat Group (e&).

Overview

Board of Directors



Sheikh Maktoum Bin Hasher Al Maktoum
Director

Independent, Non-Executive
Chairman of Board Audit Committee
Board Member since: March 2015
End of current term: March 2027
Qualification: Bachelor of Science Degree in Business Administration and Finance from Boston University, USA

Sheikh Maktoum Bin Hasher Al Maktoum is the President of JBC Properties DMCC, Wisal Developments LLC and ME DO RE Projects DMCC. He is also the Chairman and President of Dubai International Holding. He has served as Executive Director of SHUAA Capital, Chairman and President of A1 Grand Prix Limited and was the founding investor of Virgin Megastore in UAE. He was honoured as a 'Young Global Leader' by the World Economic Forum in 2007 and was named 'CEO of the Year' by CEO Middle East in both 2008 and 2009. In 2010, he was further recognised for his humanitarian efforts, receiving the 'Humanitarian of the Year' award.



Mr. Saod Mohamed Obaidalla
Director

Independent, Non-Executive
Board Member since: March 2024
End of current term: March 2027
Qualification: Higher Diploma of Banking and Information System, Higher College of Technology in Dubai, UAE

Mr. Saod Obaidalla currently serves as a Director at Dubai World Trade Centre. Previously, he was a Board Member of prominent organisations including Emirates NBD Securities, National General Insurance, and Oman Insurance Company.

His career journey is marked by significant roles within Emirates NBD PJSC, where he held various positions, including Manager of Credit, Guarantee, and Trade Finance from 1993 to 1995, Branch Manager, and Commercial Manager in the Middle Corporate Company. He also served as Head of Private Banking from 2016 to 2023, Head of UAE & GCC Private Banking from 2014 to 2016, and Head of Royal Accounts Private Banking from 2010 to 2014.



Ms. Moza Omar Al Futtaim
Director

Non-Independent, Non-Executive
Board Member since: March 2024
End of current term: March 2027
Qualification: Bachelor of Law degree from SOAS, University of London, UK

Ms. Moza Al Futtaim's passion for artificial intelligence has shaped her role as Chief AI Officer at Al-Futtaim Group, where she drives innovation in both customer engagement and operations.



Mr. Ahmed Al Jaziri
Board Secretary

Appointed since: September 2023

Qualification: Bachelor's Degree in Finance and Banking, Master's degree in Human Resource and Leadership from the University of Dubai, and a graduate of the Artificial Intelligence Programme at Kellogg College – University of Oxford

Ahmed's career includes over 10 years of experience at the UAE Accountability Authority, where he served as an audit manager, conducting compliance and financial audits on various UAE federal entities and representing the Authority at INCOSAI and GCC SAI meetings.

Overview
Executive Management



Dr. Bernd van Linder
Chief Executive Officer

Appointed since: January 2017

Dr. Bernd van Linder is currently the Chief Executive Officer at the Commercial Bank of Dubai. He has more than 25 years of banking experience. In his previous role, Dr. Bernd was the CEO of Alawwal Bank (Saudi Hollandi Bank) and was based in Riyadh. He worked at Alawwal Bank for over 10 years including more than seven years in the position of CEO. Prior to that, he worked for ABN Amro in the Netherlands.

Dr. Bernd holds an MBA in Financial Management from the University of Bradford, UK, an MSc in Computer Science from Nijmegen University in the Netherlands, and a PhD in Artificial Intelligence from Utrecht University in the Netherlands. Dr. Bernd was appointed as CEO of CBD in January 2017.

Dr. Bernd serves as a Board Member at Damen Shipyards and as an independent member of the Investment Committee of Wataniya Insurance.



Darren Clarke
Chief Financial Officer

Appointed since: April 2018

Darren Clarke is currently the Chief Financial Officer at the Commercial Bank of Dubai. He has more than 25 years of banking experience. In his previous role, Darren was CFO at National Australia Bank (NAB) International, and was based in Singapore. He worked at NAB for 13 years, and in addition held the role of the CFO for Global Markets & Treasury. Prior to that, he worked for JPMorgan Chase in the UK, Luxembourg, and Hong Kong.

Darren holds a Bachelor's Degree in Accounting from the University of Wollongong. He is a qualified Chartered Accountant with the Institute of Chartered Accountants in Australia. Darren joined CBD in April 2018.



Rupert Rogers
Chief Risk Officer

Appointed since: July 2022

Rupert Rogers is the Chief Risk Officer at Commercial Bank of Dubai and is responsible for leading and implementing the Bank's risk framework and overseeing Operational Risk, Fraud Risk, Market Risk, and Enterprise Risk Management. Rupert is an accomplished banking and capital markets professional with more than 25 years of experience across multiple geographies.

Prior to joining CBD, Rupert was the General Manager of Enterprise Risk Management in SABB in Saudi Arabia. Rupert has also held a number of senior risk and credit roles for Standard Bank and the Financial Services Authority in London, prior to his move to Saudi Arabia in 2009.

Rupert is a Chartered Financial Analyst and holds a Bachelor of Law Degree from The London School of Economics.

Overview
Corporate Governance Framework

As per the Central Bank of the UAE's definition, Corporate Governance is the set of relationships between the Bank's shareholders, Board, management, and other stakeholders, which provides the structure through which the objectives of the Bank are set, and the means of attaining those objectives and monitoring performance. It defines the way authority and responsibility are allocated and how corporate decisions are made.

The Bank firmly believes that sound corporate governance improves the performance of the Bank in several ways:

Improvement in performance and profitability
Effective governance increases the Board's and Senior Management's ability to make optimal decisions, driving revenue growth and cost reduction.

Mitigation of risk of failure
Robust governance prevents corporate scandals, fraud, and legal liabilities, thereby enhancing the Bank's reputation as a responsible and self-regulating entity. This, in turn, fosters trust and credibility among stakeholders.

Protection of minority shareholders
Sound governance practices ensure that the rights of minority shareholders are protected, particularly the right to seek information, voice an opinion, and vote in General Assembly Meetings.

As per CBUAE regulations, the Bank's Board holds ultimate control and responsibility for the Bank's Corporate Governance. Members of the Board must ensure that the Bank has robust corporate governance policies and processes, commensurate with the Bank's risk profile and systemic importance. For Islamic products, members of the Board must also ensure compliance with Shari'ah Law and uphold Shari'ah governance standards.

The Group's commitment to good corporate governance and transparency guides the conduct of the Board of Directors, its Committees, and the other decision-making bodies of the Bank, in their relations with shareholders, investors, customers, and other stakeholders, as well as the development of its corporate governance strategy, which is based on the following principles:

1. Adherence to internationally accepted good governance recommendations and specific regional regulations
2. Pursuit of long-term value creation for shareholders, considering the interests of other stakeholders and the community
3. Promotion of effective stakeholder engagement in corporate activities
4. Encouragement of informed shareholder participation at General Shareholder Meetings
5. Commitment to transparency in relationships with markets and the public, facilitated through a corporate website and significant information disclosure
6. Maintenance of a balanced Board composition with independent directors and specialised Committees
7. Ensuring diversity of gender, skills and experience within the Board and its Committees, reflecting societal and cultural realities
8. Assurance of the respectability, capability, expertise, and commitment of Directors and Senior Management, with ongoing evaluation by the Remuneration, Nomination, and Governance Committee
9. Implementation of a Remuneration Policy that aligns management performance with stakeholders' objectives
10. Entrustment of institutional leadership and corporate governance framework improvement to the Chairman of the Board
11. Focus on approving strategic goals, defining the organisational model, and supervising compliance and development
12. Commitment to ethical governance practices, compliance with laws and regulations and risk management policies, with oversight by the Compliance Unit reporting to the Risk & Compliance Committee
13. Establishment of mechanisms to prevent, identify, and manage conflicts of interest and competition

Overview

Governance Structure

SHAREHOLDERS

BOARD OF DIRECTORS



Chairman
H.E. Ahmad Abdulkarim Julfar



Vice Chairman
H.E. Ahmad Abdulla Binbyat



Dr. Abdulla Mohamed Abdulrahman Mohamed Al Karam



Mr. Abdulwahed Al Fahim



Mr. Ali Fardan Al Fardan



Mr. Buti Saeed Al Ghandi



Mr. Hadi Mohammad Taher Badri



Mr. Khalid Abdul Wahed Al Rostamani



Sheikh Maktoum Bin Hasher Al Maktoum



Mr. Saod Mohamed Ibrahim Hamad Obaidalla



Ms. Moza Omar Abdulla Hamad Al Futtaim



Board Secretary
Ahmed Al Jaziri

Board Risk & Compliance Committee

Board Credit & Investment Committee

Board Strategy Committee

Board Audit Committee

Board Remuneration Nomination & Governance



Chief Risk Officer
Rupert Rogers



Chief Executive Officer
Dr. Bernd van Linder



Chief Internal Auditor
Haresh Ravi Daryanani

CBD Management Executive Committee

Risk & Compliance Committee

Executive Committee

Credit Committee

Asset & Liability Committee

Project Investment Committee

Human Resources Committee

Statement on Effectiveness of Internal Control System

Responsibility

The Board of Directors, supported by the Board Audit Committee and the Board Risk & Compliance Committee is responsible for ensuring that an adequate and effective internal control system exists in the Bank, and that Senior Management is maintaining and monitoring the performance of that system. An internal control system includes policies, procedures and processes, designed under the supervision of the Board to achieve the Bank's strategic objectives in a controlled manner, with proper consideration to risks incurred.

The Board acknowledges its overarching responsibility for establishing a sound internal control system and reviewing its adequacy and effectiveness. A fundamental principle for the Board is ensuring that the internal control system is designed to manage the Bank's risks within the approved acceptable risk appetite, rather than to eliminate risk entirely. The risk appetite policy and appetite itself were updated, reviewed and approved by the Board during the year. Consequently, the Board can provide reasonable, rather than absolute, assurance against material misstatement, fraud or loss.

The Bank maintains a robust risk governance framework with accountability embedded throughout the organisation. It employs a 'Three Lines of Defence' model, wherein businesses and functions are responsible for the risks within their respective areas. They must ensure that these risks are identified, measured, mitigated, and monitored through appropriate controls. In this model:

- First Line Management: Responsible for the risks they incur, and for the appropriate design and functioning of internal controls to mitigate those risks.
- Second Line Functions: Primarily Risk Management and Compliance, which set policies and provide challenge and oversight of the risks they steward.
- Third Line: Internal Audit, which provides independent assurance to Senior Management and the Board.

At Commercial Bank of Dubai, the operation of the three lines of defence model includes Risk and Control Self-Assessments (RCSAs) and control testing by first line teams, as well as challenge, assurance, and oversight by the second line.

The external auditors are responsible for assessing the adequacy of the internal control system to determine the level of reliance they can place on its effectiveness, and to design their audit procedures accordingly.

However, it is important to acknowledge that internal control systems, no matter how well designed, have inherent limitations, and may not prevent or detect all control deficiencies. Moreover, the projection of current evaluations of the effectiveness to future periods is subject to a limitation that controls may become inadequate due to changes in the business environment, control environment, or regulatory landscape.

All employees are ultimately responsible for operating and maintaining an efficient internal control system at their respective levels. Concerted and integrated efforts by all functions of the Bank improve the control environment at grass root level through continuous reviewing and streamlining of procedures to identify any control deficiencies. Each function, under the supervision of executive management, is responsible to oversee the rectification of control deficiencies whether self-identified or identified by internal and external auditors. These issues and corresponding actions are monitored through the Bank's Governance, Risk & Control (GRC) system.



Key Components of Internal Control System

The key components of the Bank's internal control system are:

a. Integrity and Ethical Values

- The Code of Conduct policy sets out principles to guide employees' conduct, ensuring the highest standards of personal and corporate integrity. The code covers areas such as conflict of interest, use of company assets, confidentiality of proprietary information, and the acceptance of gifts.

b. Authority and Responsibility

- The Board establishes the vision and strategic objectives of the Bank and is responsible for leading and directing the Bank towards achieving its strategic goals and protecting long-term shareholders' interests. The Board retains full and effective control of the Bank's strategic plans, overseeing the conduct of the Bank's businesses; setting policies and implementing, reviewing, and maintaining (comma before and) an appropriate system of risk, control and compliance management; and ensuring the adequacy and integrity of the Bank's system of internal control. Additionally, the Board is also responsible for ensuring financial integrity, setting the Bank's risk appetite, reviewing and approving material transactions, related party transactions, capital financing, succession planning, and for the execution of stakeholder communications.
- A comprehensive review of the Bank's delegation of authority policy and delegation matrix was conducted during the year, ensuring there is clear and appropriate delineation between Board and Management as well as delegation of authority for financial and non-financial activity from the Board to its Committees, the CEO and Senior Management.
- The Board delegates to the Chief Executive Officer (CEO), the authority and powers of executive management within defined levels of authority. The CEO may delegate aspects of his authority and powers but remains accountable to the Board for the Bank's performance and is required to report regularly to the Board on the progress of the Bank's business units and operations. Delegation of responsibilities and accountability by the CEO further down the structure of the Bank is recorded via respective committee structures, organisational charts and authority matrices.



- Board Committees which are guided by respective Terms of Reference are set up to fulfil certain responsibilities delegated by the Board. These Committees assist the Board in promoting governance and accountability, as well as overseeing internal controls.

The Board establishes the vision and strategic objectives of the Bank and is responsible for leading and directing the Bank towards achieving its strategic goals and protecting long-term shareholders' interests.

c. Organisation Structure

- An operational structure, delegation of authority matrix and organisational chart exist, which define the lines of responsibility and delegation of authority together with a hierarchical structure of reporting and accountability.
- The delegation of authority matrix defines the activities for which authority has been delegated, the persons authorised to approve any expenditure/commitment, and conditions within which the delegated authority must be exercised. Delegated authority carries with it the obligation to exercise sound judgement, good business sense and accountability.

d. Frameworks, Policies and Procedures

- Systems and procedures have been designed to ensure effective and efficient operations, safeguarding assets against unauthorised use or disposition, maintaining proper account records, providing reliable financial information for internal use or publication, ensure compliance with all applicable laws and regulations, and monitor internal policies in relation to business performance.
- Additionally, systems and procedures are in place to identify, control, monitor, and report major risks the bank is exposed to, including, but not limited to credit, market, liquidity, operational, and fraud risks. Relevant policies have been reviewed and updated as required during the year. Exposure to these risks is monitored by respective Management Committees and reported to either Board or Board Committees.



e. Planning, Monitoring and Reporting

- An annual exercise involving all business units is conducted to prepare a comprehensive budget and business plan. This process includes development of business strategies and the establishment of key performance indicators, against which the overall performance of the Bank is measured and evaluated.
- Furthermore, a quarterly review of key business variables and the monitoring of achievements of the Bank's performance is performed by the Board.

f. Internal Audit

- The Internal Audit department, independent from line management, assesses the design and operating effectiveness of the internal control system across the Bank. It provides reasonable assurance as to whether management has implemented and complied with prescribed policies and procedures. The Internal Audit department follows a risk-based audit plan, approved by the Board Audit Committee. All significant and material findings from Internal Audit assessments are periodically reported to the Board Audit Committee.
- The Board Audit Committee actively monitors the adequacy and effectiveness of the internal control system to ensure that identified risks are mitigated to safeguard the interests of the Bank. At the end of each year, Internal Audit provides the Board Audit Committee with an annual opinion of the internal control environment based on internal audit reviews completed during the year. To help measure, assess, and improve risk awareness across the Bank, Internal Audit also rates management's risk awareness using a separate rating, 'Management Approach to Risk Control', in audit reports. The aim of this exercise is to continue to improve risk awareness and effective self-identification of key risks in respective divisions, ensuring that robust action plans, timelines for remediation, and evidence of formal escalation exist where findings have been self-identified.

g. Risk Management

- The Board of Directors has overall accountability for risks and is responsible for appraising and ensuring appropriate governance for setting strategy, risk appetite, operating plans, performance targets, and compensation plans. Through these activities, the Board sets "the tone from the top" regarding the Bank's risk culture.
- The Bank has implemented a Risk Management Framework that outlines the comprehensive approach adopted to effectively manage risk in the execution of its business strategy across all key areas of activity in which the Bank operates. It recognises that risks are inherent in businesses and manages them within the context of risk as an opportunity, uncertainty or hazard.
- The Risk Management Framework provides guidance on risk ownership across the three lines of defence and describes the key risk management techniques employed, decision-making authorities, risk appetite setting, assurance of effective policies, procedures, limits, use of risk and control assessments, use of reporting and escalation, and other techniques.
- To ensure effective implementation of the three lines of defence, the Chief Risk Officer's role is segregated from the Chief Credit Officer. Further, first line risk and control owners are required to conduct Risk and Control Self-Assessments (RCSAs) and have primary ownership of their risks and controls. Second line functions, particularly operational risk, provide challenge and assurance that risks identified are comprehensive, mitigations and controls are effective, and plans are in place to rectify any shortcomings.
- Further, the second line ensures that, when operational risk incidents occur, a detailed root cause analysis is conducted and appropriate remedial actions are assigned to relevant stakeholders. These actions are then monitored to completion by the operational risk management function.
- The Risk Management department prepares an annual report on the evaluation of the effectiveness of the internal control system for review and consideration of senior management, the Board Audit Committee and the Board Risk & Compliance Committee.

To ensure effective implementation of the three lines of defence, the Chief Risk Officer's role is segregated from the Chief Credit Officer.

h. Compliance Management

- The Compliance Department oversees the management of Financial Crime and Regulatory Compliance Risk throughout the Bank. An annual Financial Crime Risk Assessment (FCRA) is conducted to evaluate inherent risks faced by the Bank, effectiveness of controls, and residual risk across different business areas.
- Actions to improve effectiveness of the control environment are tracked through Risk and Control Self-Assessments (RCSAs) and recorded in the Bank's GRC system. Additionally, a gap analysis is performed on each new regulation to track and close any actions to address non-compliance with applicable regulations.
- The Compliance department has developed a range of Key Performance Indicators, which are periodically presented to the Board Risk & Compliance Committee.

A dedicated Business Continuity unit in the Risk Division oversees the Bank's Business Continuity Risk.

i. Business Continuity Management

- A dedicated Business Continuity unit in the Risk Division oversees the Bank's Business Continuity Risk. The unit maintains Business Continuity and Disaster Recovery plans, and manages/oversees the testing of these plans.
- At CBD, crisis management, and communication policies and procedures govern the handling of external communications in the event of any crisis or disaster.

j. Information & Cybersecurity

- The Bank's Information Security Management System is certified to ISO/IEC 27001 and compliant with the UAE's Information Assurance (formerly known as NESA) Standards, the SWIFT Customer Security Controls Framework (CSCF), the Payment Card Industry (PCI) Data Security Standards, and the CBUAE's Consumer Protection Regulations.
- Technology Risk reports, reflecting the status of Information and Cyber Security Risks, are periodically presented to respective Management and Board Committees.
- In March 2024, a Qualified Security Assessor sanctioned by the PCI Security Standards Council re-certified the Bank's compliance with PCI DSS version 3.2.1. In October 2024, Ernst and Young completed their assessment of the Bank's compliance with the UAE's Information Assurance Standard and concluded that the Bank is 100% compliant. In November 2024, TNV, accredited by the International Accreditation Services, re-certified the Bank to ISO 27001:2022 Information Security Management System. In December 2024, NII completed their assessment of the Bank's compliance with SWIFT standards and concluded that the Bank is 100% compliant.

k. Fraud Risk Management

- The Bank has established a dedicated Fraud Risk Management function that develops, maintains, and periodically updates the Bank's fraud prevention strategy on a risk-based approach to secure the Bank's business and customers from fraud risks. This multi-layered strategy includes designing and implementing process-level controls, maintaining a dedicated team to monitor transactions 24/7, conducting regular fraud awareness campaigns for customers, and periodically reviewing and assessing controls to ensure the programme's effectiveness, with reports submitted to senior management and relevant committees.
- Additionally, the Bank is an active member of the UBF Fraud Prevention Committee, collaborating closely with regulators, government, and law enforcement agencies to enhance fraud control standards across the UAE banking industry. In 2023, the Bank engaged K2 Integrity, a global consulting firm specialising in financial crime and cybersecurity, to review its Fraud Risk Management programme. The review, completed in 2024, concluded that the Bank's Fraud Risk Management programme is 'Fit for Purpose'.

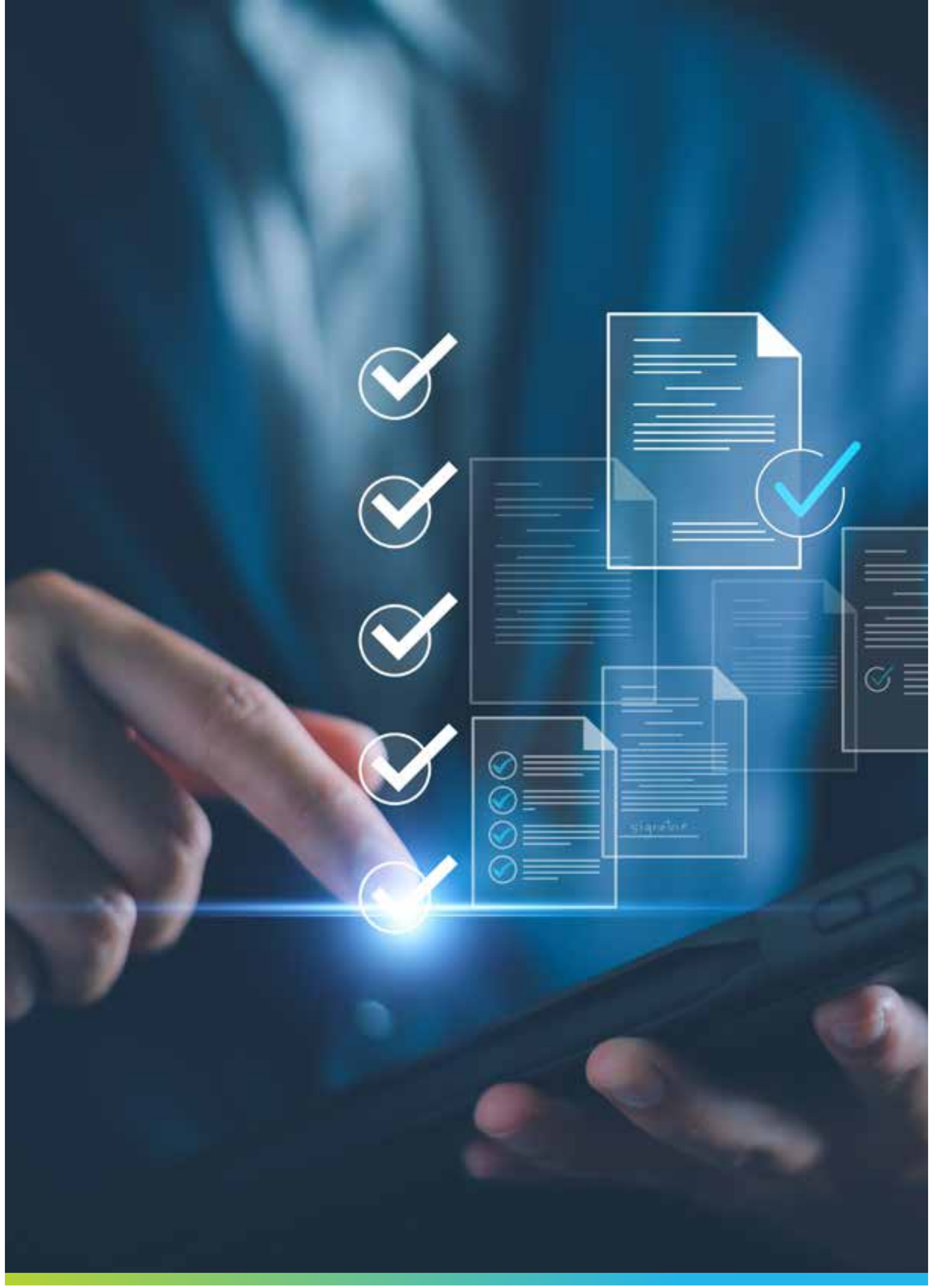
An insurance programme is in place to mitigate financial loss resulting from fraud, property damage, business interruption, and general liability.

l. Insurance

- An insurance programme is in place to mitigate financial loss resulting from fraud, property damage, business interruption, and general liability. This programme is reviewed annually to align with the risk profile of the Bank.

m. Whistleblowing

- A Whistleblower Policy provides channels for reporting unethical behaviours and wrongdoings by employees and other stakeholders, ensuring the integrity of the process and protecting the rights of informants. The implementation of this policy enables the Bank to address concerns that may adversely affect the reputation and interests of the Group more effectively.



n. Code of Conduct and Training

- The Bank's Code of Conduct policy establishes principles to ensure employees maintain the highest standards of personal and corporate integrity, covering areas such as conflict of interest, use of company assets, confidentiality of proprietary information, and acceptance of gifts.
- In 2024, the Bank's mandatory training programme encompassed 15 modules on various risk management and compliance-related topics. The Bank's staff successfully completed this training, achieving a 100% completion rate.

The Bank's mandatory training programme encompassed 15 modules on various risk management and compliance-related topics.

Conclusion

With consideration to the factors outlined in the preceding paragraphs, the Board can confirm that the Bank has an effective system of internal controls. The internal control system, policies and processes required to ensure compliance with the CBUAE's regulations and standards on corporate governance, risk management, internal controls, compliance, internal audit, financial reporting, external audit and outsourcing have been implemented, and are found to be adequate by the Board for the year 2024.

This statement was approved by the Board Risk & Compliance Committee and the Board Audit Committee on 22 January 2025, and by the Board of Directors on 29 January 2025.

For and on behalf of the Board of Directors
H.E. Ahmad Abdulkarim Julfar

Board Governance

Board Composition, Appointment and Tenure

Commercial Bank of Dubai is a public joint stock company established under the laws of the United Arab Emirates, in accordance with Federal Law by Decree No.32 of 2021 related to Commercial Companies, as amended from time to time. As per Article 19 of its Articles of Association, the Bank is overseen by a Board of Directors consisting of eleven (11) members. Each Director is elected by the shareholders and serves a term of three (3) years.

The current Board Members were elected during the General Assembly Meeting held on 06 March 2024. The term of the current Board ends with the General Assembly Meeting to be held in March 2027.

The Board is composed of five (5) independent Directors and six (6) non-independent Directors as of 31 December 2024.

Board Tenure



- 0-3 Years **5**
- 6-9 Years **2**
- 9-12 Years **2**
- 12 years+ **2**

0-3 Years

- H.E. Ahmad Abdulla Binbyat (2024)
- Dr. Abdulla Mohamed Al Karam (2024)
- Mr. Hadi Taher Badri (2024)
- Mr. Saod Mohamed Obaidalla (2024)
- Ms. Moza Omar Al Futtaim (2024)

6-9 Years

- H.E. Ahmed Julfar (2018)
- Mr. Abdulwahed Al Fahim (2018)

9-12 Years

- Mr. Buti Al Ghandi (2015)
- Sheikh Maktoum Bin Hasher Al Maktoum (2015)

12+ Years

- Mr. Khalid Al Rostamani (2008)
- Mr. Ali Al Fardan (2011)

Age

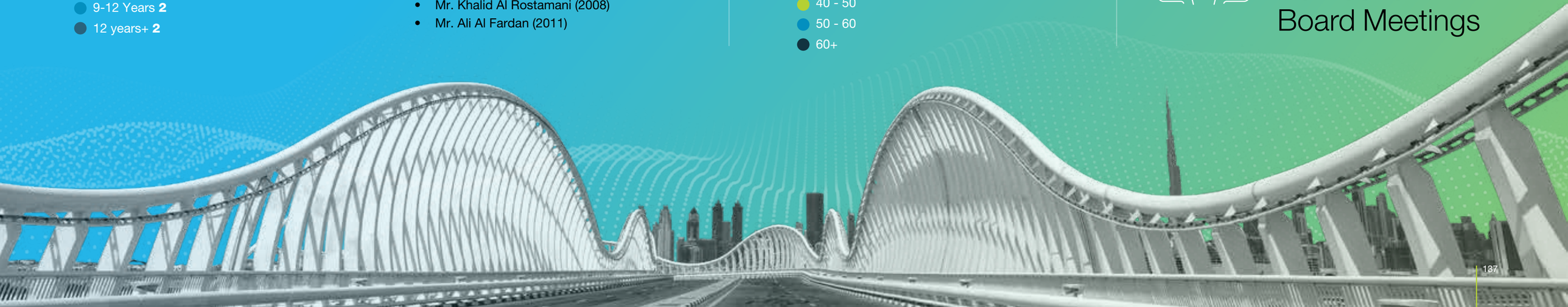


- < 40
- 40 - 50
- 50 - 60
- 60+

100%
Non-Executive Directors

45%
Board Independence

8
Number of Board Meetings



Board Governance

Selection of Board Members: Ensuring Collective Suitability

The Board of Directors is composed of individuals with recognised prestige and professional competence, who act with independent judgment in the performance of their duties. Under the Board of Directors' Selection, Suitability, and Diversity Policy, the Bank ensures that proposed candidates for Board membership are upstanding and qualified individuals widely recognised for their expertise, competence, experience, qualifications, availability, and commitment to their duties. The Bank promotes diversity in terms of gender, age, knowledge, and experience, thereby enriching decision-making processes and providing a range of perspectives.

Proposed candidates must also meet the following fit and proper criteria:

- Possesses the necessary knowledge, skills, expertise, and experience;
- Has a record of acting honestly, ethically, with integrity, and is of good repute;
- Has a good record of financial conduct;
- Are able to make their own decisions in a reasoned, objective and independent manner; and does not have any conflict of interest that could affect his/her conduct;
- Has sufficient time to devote to fully performing their duties and responsibilities;
- Contributes to the Collective Suitability of the Board; and
- meet any additional requirements specified in applicable regulations.

The Bank also ensures a succession plan for Board Members, including the Chairman and Vice-Chairman, for the Board itself and for each Committee. This includes the selection of an immediate successor in the event of a resignation or departure of an existing Director during the Board's term to ensure that renewals occur in a staggered and orderly manner by anticipating expected vacancies.





Board Governance

Responsibilities of the Board of Directors

The Board of Directors plays an integral role in the governance of the Bank, with responsibilities that include approving the Bank's strategy, setting its risk appetite and risk management strategy, monitoring its financial performance, establishing the Corporate Governance Framework, and approving the Bank's corporate values.

In discharging their duties of care, confidentiality, and loyalty to the Bank, the primary responsibilities of members of the Board include, but are not limited to:

1. Overseeing the affairs of the Bank and keeping up with material changes in the Bank's business and the external environment, acting promptly to protect the long-term interests of the Bank and its stakeholders
2. Overseeing the development and approval of the Bank's business objectives and strategy, and monitoring their implementation
3. Ensuring a sound corporate culture by setting a tone from the top, promoting effective risk management and internal controls across the group, and enforcing disciplinary actions for unacceptable behaviour
4. Overseeing the implementation of the Bank's Governance Framework and periodically reviewing it to ensure that it remains appropriate in the light of material changes to the Bank's size, complexity, business strategy, markets, and regulatory requirements
5. Ensuring that Senior Management implements systems, processes, and controls consistent with the Board's direction for managing the risks to which the Bank is exposed, and for complying with laws, regulations, and internal policies. This includes comprehensive and independent risk management, compliance, and audit functions, as well as an effective overall system of internal controls
6. In collaboration with Senior Management, establishing the Bank's risk appetite, considering the competitive and regulatory landscape, and the Bank's long-term interests, risk exposures, and ability to manage risk effectively
7. Overseeing the Bank's adherence to its risk appetite and risk limits, and ensuring necessary remedial actions are taken as and when needed
8. Approving and overseeing the implementation of key policies, including but not limited to, governance, risk management, compliance and internal audit policies
9. Requiring that the Bank maintains a robust finance function, responsible for accounting and financial data
10. Approving the annual financial statements and requiring periodic independent reviews of critical areas of the Bank
11. Approving the appointment and overseeing the performance of, Senior Management
12. Overseeing the Bank's approach to compensation, including monitoring and reviewing executive compensation, to ensure its alignment with the Bank's culture, risk appetite, and shareholders' interest.

The Board is also responsible for the comprehensive supervision of the Bank's Islamic window, ensuring the adequacy of the Shari'ah Governance Framework in line with activities and the size of the Islamic window. The Board is responsible for nominating members of the Internal Shari'ah Supervision Committee (ISSC) to the General Assembly of the Shareholders. Additionally, the Board ensures the development, approval, and implementation of internal policies related to the Islamic window, and compliance with Islamic Shari'ah Law in coordination with ISSC.

Board Governance

Directors' Independence

Directors' independence is critical as it enables Board members to act in the best interests of shareholders, ensuring decisions are made without conflicts of interest. The Central Bank of the UAE, through its Corporate Governance Regulations and Standards, has defined the following criteria for non-independence of Board Members in banks within the UAE:

a. Tenure exceeding twelve (12) consecutive years from date of appointment
b. Board Member or his/her first-degree relatives has worked as an employee of the Bank, or its subsidiaries, during the past two (2) years
c. If the Board Member has worked for, or is a partner in, a company that performs consulting work for the Bank or its Group, or has acted in such a capacity during the past two (2) years
d. If the Board Member has had any personal services contract with the Bank or its Group during the past two (2) years
e. If the Board Member has been affiliated with any non-profit organisation that receives significant funding from the Bank or its Group
f. If the Board Member, or any of his/her first-degree relatives has been a partner or employee of the Bank's auditors during the past two (2) years
g. If the Board Member or any of his/her first-degree relatives has, or had, a direct or indirect interest in the contracts and projects of the Bank or its subsidiaries during the last two (2) years, and the total of such transactions exceeds the lower of 5% of the Bank's paid capital, or of the amount of five million Dirhams or its equivalent amount in a foreign currency, unless such relationship is part of the nature of the Bank's business and involves no preferential terms
h. If the Board member and/or any of his/her first-degree relatives (individually or collectively) owns either directly or indirectly, 10% or more of the Bank's capital, or is a representative of a shareholder who owns, either directly or indirectly, more than 10% of Bank's capital.

The provisions in items (b) to (h) do not apply to Members of the Board appointed by a government shareholder.

A test of Directors' independence was concluded in early 2024 during Board Elections, following which, five (5) Directors were found to be 'independent' as per the definition of the Corporate Governance Regulations: Mr. Buti Al Ghandi, Mr. Abdulwahed Al Fahim, H.E. Ahmad Julfar, Mr. Saod Obaidalla, and Sheikh Maktoum Bin Hasher Al Maktoum.



Board Governance

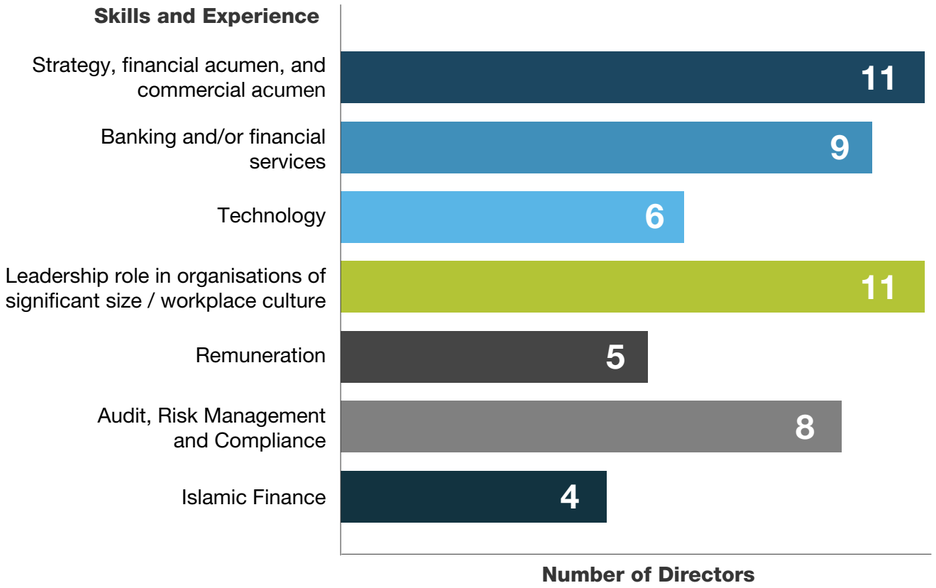
Board Skills and Experience

The Board is comprised of Directors who collectively possess skills, knowledge, and experience necessary to effectively govern and steer the Bank. The Remuneration, Nomination and Governance Committee continuously monitors skills and expertise of the Board of Directors, against the targets set in the Board Skills Matrix to ensure effective oversight and governance.

The Board uses the Board Skills Matrix as a tool to assess the skills, experience, and qualifications of its members. This matrix helps map the current skills of Board Members against the required skills for the Board, in line with regulatory requirements, the Bank's strategy, and leading local and global practices.

Board Members must engage in a continuous professional development process to maintain, enhance, and improve their knowledge, skills, and abilities. This initiative aims to ensure that Members are well-equipped to provide effective oversight in a dynamic and evolving environment. It also seeks to assure that the Board possesses a diverse set of skills and experiences aligned with the Bank's strategic objectives, thereby preventing any significant gaps in its collective expertise.

The experience, knowledge, capabilities, and other qualities required for the Bank's Directors (as per the Board Skills Matrix) are as follows:



In addition to these, there are several other skills that are considered relevant, including:

Digital skills

As technology continues to evolve rapidly, Board Members with digital skills and the ability to leverage technology are increasingly valuable. This encompasses knowledge of digital trends, data analytics, and digital marketing. Several members of CBD's Board possess extensive knowledge and expertise in digital technology.

ESG & Climate Risk skills

Environmental, Social, and Governance (ESG) factors are increasingly important to stakeholders and investors. Many members of CBD's Board possess expertise in ESG matters and can provide guidance on sustainable finance practices and corporate social responsibility.

Board Governance

Board Remuneration

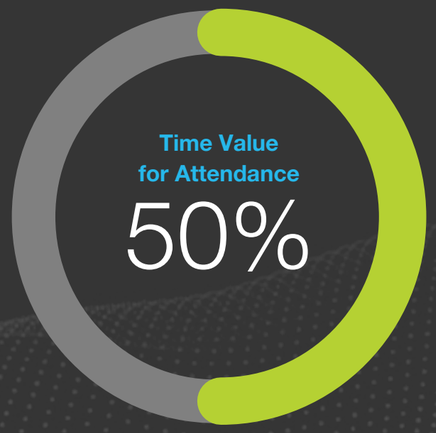
The Bank ensures that remuneration payable to Directors complies with applicable laws and regulations. It also considers the dedication and responsibility assumed, as well as the achievement of objectives, to ensure that remuneration is commensurate with the long-term returns to shareholders.

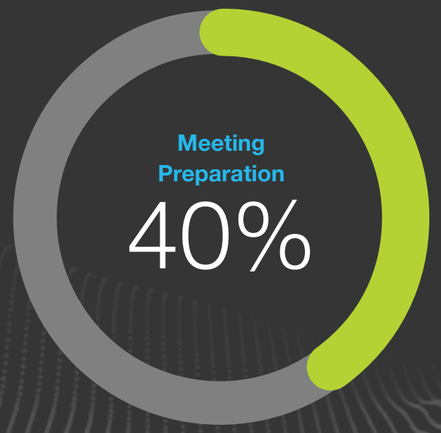
In line with prevailing regulatory requirements, Board Members are compensated only with fixed remuneration, which includes an annual fixed amount and reimbursement of costs directly related to the discharge of their responsibilities. The remuneration of the Board of Directors shall not exceed 10% of the net profits and bonuses or any incentive-based mechanisms tied to the Bank's performance are excluded.

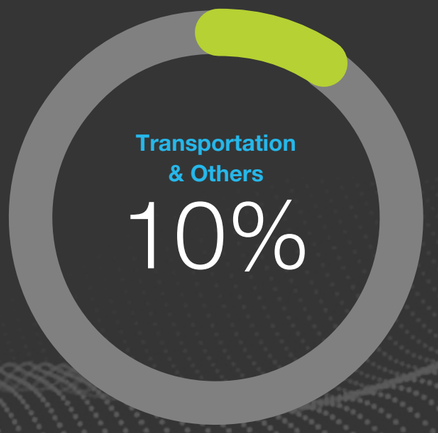
CBD is committed to ensuring transparency to shareholders and other stakeholders regarding the remuneration paid to Directors. To this end, a note is included in the Corporate Governance Report, providing a detailed description of the remuneration received by them.

In addition, CBD pays a nominal amount, as revised from time to time by the Board on the recommendation of the Remuneration, Nomination and Governance Committee (REMCO), as a sitting fee per meeting for attendance at Board Committee meetings as part of the reimbursement of costs directly related to the discharge of their responsibilities.

Following is the breakdown of sitting fee for attendance at Board Committee meetings:







The Directors shall be liable towards the Bank, the shareholders and third parties for all acts of fraud, misuse of power, concealing material information, inaccurate disclosure and violation of the provisions of the Companies Law, applicable regulatory requirements, and the Bank's Articles of Association. In such cases, the amount as determined by legal regulator or court, shall be deducted from the Director's annual remuneration. However, the General Assembly may decide not to deduct such fines, or some of them, if it deems that such fines were not the result of default or error of the Board.

Negative financial performance or net loss reported by the Bank in a financial year may generally lead to a contraction of the Board's total compensation. The Central Bank may impose additional reductions to the Board's total compensation where the negative financial performance was due to non-compliance with regulations, omission or error by the Board.

Directors' remuneration is set annually by the Bank's shareholders based on a recommendation from the Board. In 2024, Board Members received an amount of AED 23,000,000.00 as remuneration for the financial year 2023, as approved by the shareholders.

Details of amounts received by Board Members in March 2024, as 2023 remuneration, in application of the resolution of the Annual General Meeting held in March 2024:

Sr. No.	Board Members	Payment Received (AED)
1	H.E. Humaid Yousuf Al Qutami - Chairman	3,000,000
2	H.E Sultan Al Mansoori - Vice Chairman	2,000,000
3	Mr. Abdulla Saif Al Hathboor - Member	2,000,000
4	Mr. Abdullah Salim Al Turifi Al Shamsi - Member	2,000,000
5	Mr. Abdulwahed Al Fahim – Member	2,000,000
6	Mr. Ali Fardan Al Fardan – Member	2,000,000
7	Mr. Buti Saeed Al Ghandi – Member	2,000,000
8	H.E. Ahmad Abdulkarim Julfar - Member	2,000,000
9	Mr. Khalid Abdul Wahed Hassan Al Rostamani – Member	2,000,000
10	Mr. Hamad Omar Al Futtaim – Member	2,000,000
11	Sheikh Maktoum Bin Hasher Al Maktoum – Member	2,000,000

In 2025, the proposed remuneration amount is AED 27,270,000, which is 0.9% of the profit after tax for the year 2024, to be recommended for approval by shareholders at the 2025 General Assembly Meeting.

Details of the amounts that Board Members will receive in March 2025, as 2024 remuneration after approval by shareholders at the 2025 General Assembly Meeting:

Sr. No.	Board Members	Payment Received (AED)
1	H.E. Ahmad Abdulkarim Julfar – Chairman	3,300,000
2	H.E. Ahmad Abdulla Binbyat - Vice Chairman	2,397,000
3	Dr. Abdulla Mohamed Al Karam – Member	2,397,000
4	Mr. Abdulwahed Al Fahim – Member	2,397,000
5	Mr. Ali Fardan Al Fardan – Member	2,397,000
6	Mr. Buti Saeed Al Ghandi – Member	2,397,000
7	Mr. Hadi Taher Badri – Member	2,397,000
8	Mr. Khalid Abdul Wahed Al Rostamani – Member	2,397,000
9	Sheikh Maktoum Bin Hasher Al Maktoum - Member	2,397,000
10	Mr. Saod Mohamed Obaidalla – Member	2,397,000
11	Ms. Moza Omar Al Futtaim – Member	2,397,000

In 2024, CBD paid the Directors a total amount of AED 3,225,000.00 as Board Committees' sitting fees during 2024:

Sr. No.	Board Members	Committees	Number of Committees Meetings Attended	Total Sitting Fees (AED)
1	H.E. Ahmad Abdulkarim Julfar - Chairman	1. Board Executive Committee 2, Board Remuneration, Nomination & Governance Committee 3. Board Audit Committee 4. Joint Board Audit Committee and Board Risk & Compliance Committee	15	225,000
2	H.E. Ahmad Abdulla Binbyat - Vice Chairman	1. Board Strategy Committee 2. Board Risk and Compliance Committee 3. Joint Board Audit Committee and Board Risk & Compliance Committee	12	180,000
3	Dr. Abdulla Mohamed Al Karam - Member	1. Board Remuneration, Nomination & Governance Committee	3	45,000
4	Mr. Abdulwahed Al Fahim - Member	1. Board Risk and Compliance Committee 2. Board Credit and Investment Committee 3. Board Audit Committee 4. Board Executive Committee 5. Joint Board Audit Committee and Board Risk & Compliance Committee 6. Joint Board Credit & Investment Committee and Board Risk & Compliance Committee	37	555,000
5	Mr. Ali Fardan Al Fardan - Member	1. Board Strategy Committee 2. Board Remuneration, Nomination & Governance Committee	11	165,000
6	Mr. Buti Saeed Al Ghandi - Member	1. Board Credit and Investment Committee 2. Board Risk and Compliance Committee 3. Board Executive Committee 4. Board Audit Committee 5. Joint Board Audit Committee and Board Risk & Compliance Committee 6. Joint Board Credit & Investment Committee and Board Risk & Compliance Committee	33	495,000
7	Mr. Hadi Taher Badri - Member	1. Board Credit and Investment Committee 2. Board Risk and Compliance Committee 3. Joint Board Audit Committee and Board Risk & Compliance Committee 4. Joint Board Credit & Investment Committee and Board Risk & Compliance Committee	27	405,000
8	Mr. Khalid Abdul Wahed Al Rostamani - Member	1. Board Credit and Investment Committee 2. Board Executive Committee	14	210,000
9	Sheikh Maktoum Bin Hasher Al Maktoum - Member	1. Board Audit Committee 2. Board Strategy Committee 3. Joint Board Audit Committee and Board Risk & Compliance Committee	12	180,000
10	Mr. Saod Mohamed Obaidalla - Member	1. Board Credit and Investment Committee 2. Board Risk and Compliance Committee 3. Board Remuneration, Nomination & Governance Committee 4. Joint Board Audit Committee and Board Risk & Compliance Committee 5. Joint Board Credit & Investment Committee and Board Risk & Compliance Committee	30	450,000
11	Ms. Moza Omar Al Futtaim - Member	1. Board Strategy Committee 2. Board Remuneration, Nomination & Governance Committee	7	105,000

Sr. No.	Board Members	Committees	Number of Committees Meetings Attended	Total Sitting Fees (AED)
	Board Members (Period Ending: 6 March 2024)			
1	H.E. Humaid Mohammad Obaid Yousuf Al Qutami - Chairman		-	-
2	H.E. Sultan Saeed Al Mansoori - Vice Chairman		-	-
3	Mr. Abdulla Saif Obaid Al Hathboor - Member	1. Board Remuneration, Nomination & Governance Committee	3	45,000
4	Mr. Abdullah Salim Obaid Al Turifi Al Shamsi - Member	1. Board Remuneration, Nomination & Governance Committee 2. Board Risk and Compliance Committee	4	60,000
5	Mr. Hamad Omar Al Futtaim - Member	1. Board Executive Committee 2. Board Remuneration, Nomination & Governance Committee	7	105,000

Board Governance

Directors' Shareholdings as of 31/12/2024

Director	Number of Shares in CBD as at 31/12/2023	Number of Shares in CBD as at 31/12/2024	Change in Shareholding
Board Members (Starting Period: 6 March 2024)			
H.E. Ahmad Abdulkarim Julfar - Chairman	Nil	Nil	Nil
H.E. Ahmad Abdulla Binbyat - Vice Chairman	Nil	Nil	Nil
Dr. Abdulla Mohamed Al Karam - Member	Nil	Nil	Nil
Mr. Abdulwahed Al Fahim - Member	Nil	Nil	Nil
Mr. Ali Fardan Al Fardan - Member	Nil	Nil	Nil
Mr. Buti Saeed Al Ghandi - Member	Nil	Nil	Nil
Mr. Hadi Taher Badri - Member	Nil	Nil	Nil
Mr. Khalid Abdul Wahed Al Rostamani - Member	4,325,941	4,325,941	Nil
Sheikh Maktoum Bin Hasher Al Maktoum - Member	145,622	145,622	Nil
Mr. Saod Mohamed Obaidalla - Member	Nil	Nil	Nil
Ms. Moza Omar Al Futtaim - Member	Nil	18,516,800	18,516,800
Board Members (Period Ending: 6 March 2024)			
H.E. Humaid Mohammad Obaid Yousuf Al Qutami - Chairman	Nil	Nil	Nil
H.E. Sultan Saeed Al Mansoori - Vice Chairman	Nil	Nil	Nil
Mr. Abdulla Saif Obaid Al Hathboor - Member	1,956,592	Nil	(1,956,592)
Mr. Abdullah Salim Obaid Al Turifi Al Shamsi - Member	Nil	Nil	Nil
Mr. Hamad Omar Al Futtaim - Member	Nil	Nil	Nil

Board Governance

Board's Continuing Professional Development

The Bank has established the Directors' Continuing Professional Development Policy to ensure Directors keep abreast of all matters and risks, both local and international, concerning the financial industry to enable an adaptive mindset. The purpose of the policy is to promote long-term and sustainable development of the Bank via continuous improvement of the effectiveness of the Board of Directors.

In line with the policy and prevailing regulatory requirements, Board Members are required to participate in an ongoing professional development process to sustain, enhance, and advance their knowledge, skills, and abilities. This ensures that members are well-prepared to provide effective oversight in a dynamic and evolving environment. It also aims to guarantee that the Board has a diverse range of skills and experiences aligned with the Bank's strategic objectives, thereby preventing any significant gaps in its collective expertise.

In 2024, the Board members attended seven (7) sessions on specific topics as per below:

- **13 March 2024** — Induction Programme for the new Directors
- **24 April 2024** — Strategic Planning in the Era of Permacrisis
- **24 July 2024** — Fiduciary Duties and Corporate Governance
- **19 September 2024** — Board Effectiveness
- **9 October 2024** — AI in Financial Services
- **30 October 2024** — Climate Risk
- **11 December 2024** — Financial Crime and Cybersecurity Risks





Board Governance

Board Performance Evaluation

In line with regulatory requirements and the Bank's commitment to the principles of integrity and accountability, the Bank annually assesses the Board's performance relative to its objectives. This includes evaluating the performance of the Board, Board Committees, and individual directors, as well as assessing the independence of its members. Additionally, an external independent party is invited to conduct performance evaluations of the Board, Board Committees, and individual directors including the Chair, prior to the conclusion of their three-year terms. This process ensures an energised, proactive, and effective Board capable of fulfilling all its obligations in a dynamic environment.

The purpose of these evaluations is to assess the effectiveness of individual Directors and the Board, as well as identifying gaps in skills, experience, and expertise that need to be addressed to enhance Board effectiveness and satisfy fit and proper requirements.

The process generally involves conducting surveys with Board Members and Senior Management to obtain feedback on a rating scale; conducting interviews with individual Directors and Senior Management, and analysing their responses to the questionnaire and interviews; and reporting the findings resulting from the analyses to the Board. The Board discusses the contents of the report, develops an action plan, and periodically reviews the progress of implementation as well.

In November 2023, a leading consultancy conducted an independent evaluation of the CBD Board. In 2024, the Bank conducted an internal Board evaluation. The effectiveness of the following factors was considered during the recent Board evaluations:

- Effectiveness of Board and Committees
- Structure and composition
- Meetings and agendas
- Communication and interaction with Board and Senior Management
- Learning and development
- Independence of Board Members
- Directors' continuing professional development



Board Governance

Management of Conflict of Interest

The Bank is committed to ensuring that conflicts of interest do not negatively impact the interests of its customers, shareholders, or other stakeholders. This is achieved by identifying, preventing, and effectively managing such conflicts. The Bank has established Conflict of Interest policies for both, the Board and employees. These policies provide guidance on managing actual and perceived conflicts of interest, ensuring the ethical values of the Bank are upheld, and more objective and unbiased decision-making is conducted.

Board Members and employees report the conflict and absolve themselves from decision-making where they may have potential conflict, to ensure business decisions are based on ethical principles without any bias. These conflicts are appropriately noted in the minutes of meetings and conflict of interest registers maintained by Compliance (for employees) and Board Secretary (for the Board). More than 15 cases of conflict of interest of Board Members were recorded in 2024, whereby, these Board Members absolved themselves from decision-making.

Board Members and employees are also required to declare, in writing, any potential conflicts of interest at the time of their appointment. This includes conflicts involving their first-degree relatives and any official or professional positions they hold. They must notify the Bank of any subsequent changes related to these declared positions during their term. Additionally, periodic declarations are obtained from Board Members and employees to confirm any potential conflicts of interest.

Board Governance

Related Party Transactions

The Board of Directors recognises that transactions between and among related parties may create financial, commercial, and economic benefits for individuals, institutions and the entire Group to which the Bank belongs. They can present potential or actual conflicts of interest, and may raise questions regarding their alignment with the best interests of the Bank and its stakeholders.

In this regard, and as required by existing regulations for Related Party Transactions (RPT), the Bank, its Board, Senior Management, all officers and employees including those of its subsidiaries and affiliates, shall ensure that RPTs are conducted on an arm's length basis. They must also ensure appropriate oversight and implementation of an effective control system for managing exposures.

Therefore, the Bank's Board of Directors, Senior Management, officers and employees including concerned personnel in the subsidiaries and affiliates, are mandated to comply with regulations and the Policy on Related Party Transactions. They shall not allow RPTs that may lead to abuses or may cause disadvantages to the Bank, its depositors, creditors, clients, and other stakeholders.

The Bank's policy on RPT provides guidance on transparency, and determines materiality in the Bank's dealings with its related parties. It aims to prevent any conflict of interest in the implementation of RPTs and ensures reporting, disclosure, and compliance with the applicable legal and regulatory framework. The Policy outlines pre-approved RPTs and those requiring approval from the Board or any of its Committees, as per applicable regulatory requirements.

In determining whether to approve or decline a Related Party Transaction submitted to the Board or any of its Committees, the Directors shall consider, among other factors they deem appropriate:

- Whether the Related Party Transaction is entered into on terms, no less favourable to the Bank than terms generally available to an unaffiliated third-party under the same or similar circumstances
- The results of an appraisal, if any; whether there was a bidding process and the results thereof; a review of the valuation methodology used and alternative approaches to valuation of the transaction; and the extent of the Related Party's interest in the transaction.

Directors review information when assessing a Related Party Transaction:

- The terms of such a transaction
- The related party's interest in the transaction
- The purpose and timing of the transaction
- Whether the Bank is a party to the transaction, and if not, the nature of the Bank's participation in the transaction
- When the transaction involves the sale of an asset, a description of the asset, including date acquired and costs basis
- Information concerning potential counterparties in the transaction
- The approximate value of the transaction and the approximate value of the Related Person's interest in the transaction
- Description of any provisions or limitations imposed because of entering into the proposed transaction
- Whether the proposed transaction includes any potential reputational risks that may arise because of, or in connection with, the proposed transaction
- Any other relevant information regarding the transaction.

Individuals benefiting from a Related Party Transaction and/or persons related to such individuals should not take part in the process of granting or managing the transaction.

For details on Related Party Transactions completed in 2024, please refer to the Financial Statements, Note 33 and this table:

	Directors & Key Management Personnel		Government Related Parties		Other Related Parties	
	2024	2023	**2024**	2023	**2024**	2023
	AED'000	AED'000	**AED'000**	AED'000	**AED'000**	AED'000
Due from banks	**-**	-	**323,460**	73,460	**-**	-
Loans and advances, and Islamic financing	**69,348**	103,382	**207,403**	1,073,800	**3,327,045**	2,174,448
Investment securities, net	**-**	-	**554,518**	551,331	**-**	-
Bankers acceptances	**-**	-	**-**	27,615	**293,009**	40,987
Letters of credit	**-**	-	**1**	5,082	**267,526**	211,062
Letters of guarantee	**-**	-	**174,252**	148,674	**400,400**	123,966
Undrawn commitments to extend credit	**1,846**	58,095	**796,575**	1,213,161	**276,261**	284,167
Due to banks	**-**	-	**35,880**	46,788	**-**	-
Customer deposits and Islamic customer deposits	**183,367**	112,365	**6,325,647**	3,928,062	**1,255,042**	1,062,602
Interest income and commission income	**5,562**	7,807	**38,731**	68,671	**253,250**	164,971
Interest expense	**3,207**	2,784	**268,431**	197,870	**90,970**	16,529
Dividend from an associate	**-**	-	**-**	-	**6,653**	6,653

Board Agendas and Meetings

Board Meetings

The Board and Board Committee meetings' schedule and timings are established at the beginning of each year. The calendar of Board and Board Committee meetings is circulated in advance to facilitate Board and Committee Members to plan their schedules and ensure meaningful and adequate participation. Meetings may be re-scheduled if warranted, with the approval of all Board or Committee Members.

The agenda for Board meetings is prepared by the Board Secretary in liaison with the Chairman and the Chief Executive Officer. Board papers are circulated five business days in advance of a meeting to provide members sufficient preparation time.

The Board of Directors is required to consider topics fundamental to the direction of the Bank, such as business performance, long-term planning, strategy, risk appetite and management, succession planning, and human resources.

Board Members receive a regular flow of information, and reports relevant to the fulfilment of their roles. Board papers encompass reports from the Chief Executive Officer, Chief Finance Officer, and other members of management, on a regular and scheduled basis. Formal minutes of the different Committee meetings are included in the Board pack, and the Chairman of each Committee provides an update to Board Members at the beginning of each Board meeting on important items discussed in the Committee meeting.



In 2024, the Board of Directors held eight (8) meetings. The key agenda items discussed at the main Board meetings throughout the year are detailed below:

Board Meeting No.	Date	Main Topics
1	5 January 2024	• Nomination Matters
2	31 January 2024	• Updates on Committees' Meetings • 2023 Financial Results • Strategy Update • Approval of AGM Agenda • Approval of Corporate Governance Report 2023 including Statement on Effectiveness of Internal Control • Approval of CBD Sustainability Report • Approval of Annual Shari'ah Report by ISSC for 2023 and Reappointment of ISSC Members
3	6 March 2024	• Election of Chairman of the Board of Directors • Election of Deputy Chairman of the Board of Directors • Appointments of the Board Committees' Chairmen and Members
4	24 April 2024	• Update on Committees' Meetings • Q1 Financial Results • ESG Update • Approval of Terms of Reference (Board Risk and Compliance Committee) • Approval of Power of Attorney to Chairman • Board Development and Training: Strategic Planning
5	24 July 2024	• Update on Committees' Meetings • Q2 Financial Results • Approval of Risk Appetite Policy • Approval of Risk Appetite Metrics and Thresholds • Approval of Mechanism of Board-related party transactions under approved retailed product programme • Approval of Terms of Reference (Board Strategy Committee) • Approval of Terms of Reference (Board Credit and Investment Committee) • Approval of Strategy Dashboard • Board Development and Training: Fiduciary Duties
6	19 September 2024	• Update on Committees' Meetings • Strategy Dashboard • Approval of Terms of Reference (Remuneration, Nomination, and Governance Committee) • Approval of Terms of Reference (Board Risk and Compliance Committee) • Board Development & Training: Board Effectiveness
7	23 October 2024	• Update on Committees' Meetings • Q3 Financial Results • ESG Update • Shari'ah Update by Meeting with ISSC Members • Approval of Delegation of Authority for Board & Board Committees • Approval of Risk Appetite Metrics & Definition • Approval of Shari'ah Governance Framework & Charter of Internal Shari'ah Supervision Committee (ISSC) • Approval of Terms of Reference (Board Audit Committee)
8	11 December 2024	• Update on Committees' Meetings • 2025 Budget • Board Development & Training: Financial Crime and Cybersecurity Risks

Board Meetings - Main Topics



- **15%** Governance
- **5%** HR Emiratisation
- **20%** Financial
- **20%** Risk Management
- **15%** Training
- **20%** Bank Strategy
- **5%** ESG Strategy

Board Agendas and Meetings

Board Meetings' Attendance

Sr. No.	Board Members	Number of Meetings Attended
	Board Meetings After the Election (Starting date: 6 March 2024)	
1	H.E. Ahmad Abdulkarim Julfar – Chairman	6/6
2	H.E. Ahmad Abdulla Binbyat - Vice Chairman	6/6
3	Dr. Abdulla Mohamed Al Karam – Member	6/6
4	Mr. Abdulwahed Al Fahim – Member	5/6
5	Mr. Ali Fardan Al Fardan – Member	5/6
6	Mr. Buti Saeed Al Ghandi – Member	6/6
7	Mr. Hadi Taher Badri – Member	6/6
8	Mr. Khalid Abdul Wahed Al Rostamani - Member	3/6
9	Sheikh Maktoum Bin Hasher Al Maktoum - Member	5/6
10	Mr. Saod Mohamed Obaidalla – Member	6/6
11	Ms. Moza Omar Al Futtaim – Member	4/6

Sr. No.	Board Members	Number of Meetings Attended
	Board Meetings Before the Election (Ending date: 6 March 2024)	
1	H.E. Humaid Mohammad Obaid Yousuf Al Qutami – Chairman	2/2
2	H.E. Sultan Saeed Al Mansoori - Vice Chairman	2/2
3	Mr. Abdulla Saif Obaid Al Hathboor – Member	1/2
4	Mr. Abdullah Salim Obaid Al Turifi Al Shamsi - Member	2/2
5	Mr. Hamad Omar Al Futtaim – Member	2/2
6	H.E. Ahmad Abdulkarim Julfar	2/2
7	Mr. Abdulwahed Al Fahim – Member	2/2
8	Mr. Ali Fardan Al Fardan – Member	2/2
9	Mr. Buti Saeed Al Ghandi – Member	2/2
10	Mr. Khalid Abdul Wahed Al Rostamani - Member	1/2
11	Sheikh Maktoum Bin Hasher Al Maktoum - Member	2/2

Board Committees

Board Credit and Investment Committee

Role

The Board has delegated to the Board Credit and Investment Committee (BCIC) authority which is limited to the following:

- Approve larger credit facilities and investments that are above management limits
- Approve product programmes for credit products on a programmatic basis
- Oversee the Bank's approach to the most material, sectorial and individual credit exposures in its portfolio
- Review the quality of the Bank's investment portfolio and the trends affecting it
- Oversee the effectiveness of the Bank's investment strategy and policies

Committee Composition

BCIC is composed of five (5) Directors – three (3) Independent and two (2) Non-Independent Directors:

- Mr. Buti Al Ghandi: Chairman – Independent
- Mr. Abdulwahed Al Fahim: Member – Independent
- Mr. Saod Obaidalla: Member – Independent
- Mr. Khalid Al Rostamani : Member – Non-Independent
- Mr. Hadi Badri: Member – Non-Independent

2024 Board Credit and Investment Committee Meetings

Date of BCIC Meeting	Number of Attendees	Name of Absent Members
20 March 2024	5/5	
3 April 2024	4/5	Mr. Khalid Al Rostamani
24 April 2024	4/5	Mr. Khalid Al Rostamani
8 May 2024	5/5	
22 May 2024	4/5	
31 May 2024	5/5	
5 June 2024	4/5	Mr. Khalid Al Rostamani
21 June 2024	5/5	
3 July 2024	3/5	Mr. Khalid Al Rostamani Mr. Saod Obaidalla
24 July 2024	4/5	Mr. Khalid Al Rostamani
21 August 2024	4/5	Mr. Hadi Badri
4 September 2024	3/5	Mr. Khalid Al Rostamani Mr. Hadi Badri
18 September 2024	5/5	
2 October 2024	5/5	
16 October 2024	5/5	
5 November 2024	5/5	
20 November 2024	5/5	
4 December 2024	4/5	Mr. Abdulwahed Al Fahim
18 December 2024	4/5	Mr. Khalid Al Rostamani

Board Committees

Board Credit and Investment Committee

Time Allocation for 2024 BCIC Meetings



20%
Investment Strategy

65%
Credit Facilities

15%
Business Performance

Note: Following the March 2024 election, the Board Executive Committee (BEC) was dissolved and restructured into two new committees: the Board Credit and Investment Committee (BCIC) and the Board Strategy Committee (BSC). The Chairman of the BEC continued in his role as Chairman of the BCIC. The following items outline the composition and attendance of the BEC:

Committee Composition

BEC was composed of five (5) Directors – three (3) Independent and two (2) Non-Independent Directors.

- Mr. Buti Al Ghandi: Chairman – Independent
- Mr. Abdulwahed Al Fahim: Member – Independent
- H.E. Ahmad Julfar: Member – Independent
- Mr. Khalid Al Rostamani: Member – Non-Independent
- Mr. Hamad Al Futtaim: Member – Non-Independent

2024 Board Executive Committee Meetings

Date of BEC Meeting	Number of Attendees	Name of Absent Members
10 January 2024	4/5	Mr. Khalid Al Rostamani
31 January 2024	5/5	
14 February 2024	5/5	
28 February 2024	3/5	H.E. Ahmad Julfar Mr. Khalid Al Rostamani

Board Committees

Board Credit and Investment Committee

Statement from the BCIC Chairman



Dear Shareholders,

We are pleased to present our Board Credit and Investment Committee Report for 2024. The Committee, on average, meets every two weeks though it is also required, from time to time, to review and opine on matters by circulation. The year 2024 continued to see a significant investment of time and effort by the Committee Members as the Committee held a total of 23 meetings during the year (including four under the previous governance regime as the Board Executive Committee). Attendance and participation of the Committee Members was high.

As in previous years, the Committee continued its efforts towards ensuring that loans and investments approved are aligned with the Bank's business goals and overall risk appetite. Key tasks performed by the Committee during the year included:

- Reviewed and decisioned lending proposals for companies and individuals
- Reviewed and recommended changes to the Delegation of Authority Policy and Matrix
- Reviewed and recommended Retail Credit, Wholesale Credit and Investment Policies
- Provided reports to the Board of Directors on key activities of the Committee
- Reviewed the Bank's performance against competitors whilst ensuring compliance with the CBUAE prudential regulatory control framework/targets
- Assessed changes to the Bank's appetite for country risks and cross-border exposure
- Reviewed the projected impact of new regulatory developments including the Large Exposures and Credit Risk standards
- Reviewed improvements to the Bank's systems and processes around managing underperforming credit exposures

Overall, the Board Credit and Investment Committee, in collaboration with the other Committees, has contributed effectively to implementing the Bank's growth strategy while retaining a prudent approach to risk management, in line with the Risk Appetite approved by the Board of Directors.

In 2025, the Committee will continue its efforts towards fostering a culture of high performance and sustainable growth, backing the ambitions of our customers, and delivering on our commitments to our stakeholders.

Mr. Buti Saeed Al Ghandi
Chairman of the Board Credit and Investment Committee

Board Committees

Board Strategy Committee

Role

The Board has delegated to the Board Strategy Committee (BSC) authority which is limited to:

- Oversee the strategy implementation and explore with management growth opportunities for the Bank and its businesses
- Follow up on the implementation of material IT and transformation projects and oversee the overall IT and digital strategies
- Monitor operating and financial performance against set targets
- Review and endorse and/or approve policies where it has the responsibility to do so, as per the Policy and Procedure DoA
- Suggest to the Board of Directors any areas where the Bank could improve, change or adjust its operations, strategy, or business areas

Committee Composition

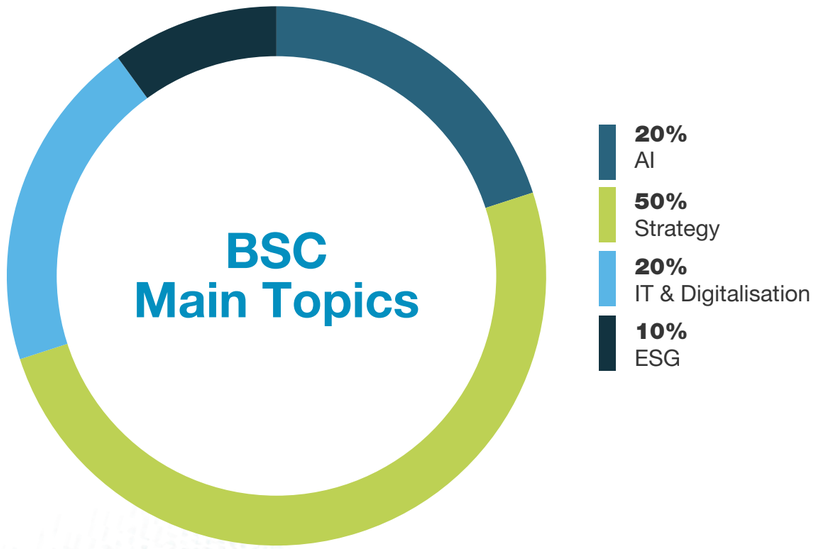
BSC is composed of four (4) Directors – one (1) Independent and three (3) Non-Independent Directors.

- H.E. Ahmad Binbyat: Chairman – Non-Independent
- Sheikh Maktoum Bin Hasher Al Maktoum: Member – Independent
- Mr. Ali Al Fardan: Member – Non-Independent
- Ms. Moza Al Futtaim: Member – Non-Independent

2024 Board Strategy Committee Meetings

Date of BSC Meeting	Number of Attendees	Name of Absent Members
22 April 2024	3/4	Ms. Moza Al Futtaim
29 May 2024	4/4	
17 July 2024	3/4	H.E. Ahmad Binbyat
16 September 2024	4/4	
27 November 2024	4/4	

Time Allocation for 2024 BSC Meetings



Board Committees

Board Strategy Committee

Statement from the BSC Chairman

Dear Shareholders,

We are pleased to present our Board Strategy Committee Report for 2024.

The newly formed Committee held a number of informative strategic meetings during 2024.

The Committee was charged with monitoring strategy implementation, execution, and exploring with Management growth opportunities for the Bank and its businesses. The Committee assessed the strategy of the Bank as developed by Management with continuous monitoring of progress in executing against the strategy. Notably, the Committee established Strategy Dashboards, reviewing periodic progress of strategic initiatives. Moreover, the Committee specifically undertook the following:

- Developed the Terms of Reference of the Committee
- Reviewed the strategy developed and tabled by Management
- Reviewed the Strategy Dashboards
- Reviewed new strategic business and product opportunities presented by Management
- Reviewed the Digital & Technology Strategic Transformation Roadmap and execution progress
- Reviewed market updates on artificial intelligence, and associated business and market opportunities
- Reviewed geographic market challenges and opportunities
- Reviewed the Environmental, Social and Governance (ESG) Strategy, industry developments and execution progress
- Reviewed regulatory developments and associated strategic implications for the Bank

Overall, the Board Strategy Committee, in collaboration with the other Committees, led discussions and thought leadership in guiding the Bank to deliver market leading growth, now and into the future.

In 2025, the Committee will continue its efforts to articulate the Bank strategy, monitor and assess strategic execution progress. The Committee will continue to provide strategic thought leadership enabling the organisation to deliver on our commitments to all our stakeholders.

H.E Ahmad Abdulla Binbyat
Chairman of the Board Strategy Committee



Board Committees

Board Risk & Compliance Committee

Role

The Board has delegated to the Board Risk & Compliance Committee (BRCC) authority, which is limited to:

- Assist the Board in its oversight of Management's risk taking and risk mitigation activities
- Oversee all risks (financial and non-financial) and risk-related activities
- Set and monitor the Bank's risk appetite and monitoring performance against the same
- Review and approve policies where the Committee has the responsibility to do so as per the policy and Procedure Delegation of Authority (DoA)
- Monitor material recovery cases, and approve related restructuring or financial settlements including write-offs and increased provisions

Committee Composition Before the Election (6 March 2024)

BRCC was composed of three (3) Directors – two (2) Independent and one (1) Non-Independent Directors.

- Mr. Abdulwahed Al Fahim: Chairman – Independent
- H.E. Ahmad Julfar: Member – Independent
- Mr. Abdulla Al Turifi: Member – Non-Independent

2024 Board Risk & Compliance Committee Meetings

Date of BRCC Meeting	Number of Attendees	Name of Absent Members
28 February 2024	2/3	H.E Ahmad Julfar

160

Board Committees

Board Risk & Compliance Committee

Committee Composition After the Election (6 March 2024)

BRCC is composed of five (5) Directors – three (3) Independent and two (2) Non-Independent Directors.

- Mr. Abdulwahed Al Fahim: Chairman – Independent
- Mr. Buti Al Ghandi: Member – Independent
- Mr. Saod Obaidalla: Member – Independent
- H.E. Ahmad Binbyat: Member – Non-Independent
- Mr. Hadi Badri: Member – Non-Independent

2024 Board Risk & Compliance Committee Meetings

Date of BRCC Meeting	Number of Attendees	Name of Absent Members
3 April 2024	5/5	
15 May 2024	5/5	
3 July 2024	4/5	Mr. Saod Obaidalla
10 September 2024	5/5	
23 October 2024	5/5	
9 December 2024	5/5	

Time Allocation for 2024 BRCC Meetings



20%
Risk updated (incl.risk appetite statements)

20%
Risk related policies

20%
Regulatory updated (incl. stress test and ICAAP updates)

20%
Compliance updates

20%
FRR

Board Committees

Board Risk & Compliance Committee

Statement from the BRCC Chairman



Dear Shareholders,

We are pleased to present our Risk and Compliance Committee Report for 2024.

The Board delegates authority for Risk oversight to the Board Risk and Compliance Committee (BRCC). The BRCC's remit covers the Bank's financial and non-financial risks, ensuring the robustness and effectiveness of the overall Enterprise Risk Management Framework, including its application and effectiveness in managing risks across all key areas of the Bank's operations.

The BRCC also reviews and approves the Bank's Risk Management Framework, which encompasses risk culture, risk appetite, risk identification and assessment, and risk management techniques. The BRCC approves and endorses risk and compliance policies, frameworks, and the annual ICAAP, including stress testing results.

Additionally, the Committee provides strategic advice to the Board regarding the current and projected performance in relation to the Bank's risk appetite.

The Board Risk and Compliance Committee receives regular updates from Management on the Bank's key risks. This includes a comprehensive quarterly summary of the Bank's risk profile and performance of the portfolio against the defined risk appetite.

In 2024, the Committee held seven (7) meetings and two (2) joint meetings with the Board Audit:

- Reviewed and challenged management-identified top and emerging risks and mitigating actions. This included a thorough assessment of climate risk, encompassing both physical and transition risks, financial crime compliance, and technology and cyber security risks
- Received updates on, and provided oversight of, the Bank's stress testing activities, ensuring robust developments in the enterprise-wide stress testing framework
- Reviewed, challenged, and approved new and conducted annual reviews of risk, compliance and other key policies of the Bank
- Received updates on cyber security, and business continuity risks and controls including an assessment of compliance with the UAE Information Assurance requirements
- Reviewed and supported ongoing enhancements to the Bank's operational risk management framework, including overseeing the CBUAE's Thematic Operational Resilience Review
- Reviewed credit portfolio exposures and other risks against limits and appetite
- Reviewed and approved credit proposals related to financial recovery and restructuring unit (FRR)
- Reviewed operational and fraud risk incidents, including the root causes and mitigating actions undertaken by management
- Provided oversight of the effectiveness of measures taken by the Bank to manage compliance risk and perform compliance-related activities, particularly in the areas of Anti-Money Laundering (AML) and sanctions

Overall, risk was well managed relative to the Bank's risk appetite metrics. Where deviations occurred, these were addressed by Management with appropriate mitigating activity and remediation plans.

Mr. Abdulwahed Al Fahim
Chairman of the Board Risk and Compliance Committee

Board Committees

Board Audit Committee

Role

The primary purpose of the Board Audit Committee (BAC) is to provide oversight of the financial reporting process, the audit process, the Bank's system of internal controls, and compliance with laws and regulations, through:

- Monitoring the quality and integrity of financial statements and any formal announcements relating to financial performance
- Reviewing the audit and internal control systems currently in place to ensure they remain sound and fit for purpose
- Receiving and considering reports and recommendations from Internal Audit, External Auditors, and Management
- Monitoring compliance with laws and regulations, whistleblowing, and fraud
- Making recommendations to the Board in respect of financial reporting and in relation to the appointment, re-appointment and removal of the external auditor, and approval of the remuneration and terms of employment of the Chief Internal Audit Officer
- Monitoring and reviewing the effectiveness of the internal audit function
- Reviewing the internal and external auditors' independence and objectivity
- Reviewing and approving policies where the Committee has the responsibility to do so as per the delegation of authority
- Reviewing related party transactions with the Bank and ensuring that there are no conflicts of interest, and making recommendations to the Board before the conclusion of such transactions
- Recommending changes to the Chief Internal Auditor's and Head of Internal Shari'ah Audit's remuneration and recommending the same to the Board Remuneration Committee. From a performance and variable pay perspective, assessing the performance of the Chief Internal Auditor and Head of Internal Sharia'ah Audit including his/her KPIs, annual performance rating and annual bonus amount, and recommend the same to the Board Remuneration and Nomination Committee. The Audit Committee shall also consult with ISSC for matters related to the Head of Internal Shari'ah Audit.

Committee Composition Before the Election (6 March 2024)

BAC was composed of three (3) Directors, all of whom were independent.

- Sheikh Maktoum Bin Hasher Al Maktoum: Chairman – Independent
- Mr. Abdulwahed Al Fahim: Member – Independent
- Mr. Buti Al Ghandi: Member – Independent

2024 Board Audit Committee Meetings

Date of BAC Meeting	Number of Attendees	Name of Absent Members
29 January 2024	3/3	

Board Committees

Board Audit Committee

Committee Composition After the Election (6 March 2024)

BAC is composed of three (3) Directors, all of whom are independent.

- Sheikh Maktoum Bin Hasher Al Maktoum: Chairman – Independent
- H.E. Ahmad Julfar: Member – Independent
- Mr. Abdulwahed Al Fahim: Member – Independent

2024 Board Audit Committee Meetings

Date of BAC Meeting	Number of Attendees	Name of Absent Members
22 April 2024	3/3	
17 July 2024	3/3	
21 October 2024	3/3	
27 November 2024	3/3	

Time Allocation for 2024 BAC Meetings



24%
Internal audit update

18%
Internal Shari'ah audit update

25%
External review of internal audit and compliance update

10%
Review of policies and governance related matters

23%
Financial results

Board Committees

Board Audit Committee

Statement from the Board Audit Committee Chairman

Dear Shareholders,

We are pleased to present our Board Audit Committee Report for 2024.

The Board Audit Committee (BAC) held five meetings in 2024 to discharge their responsibilities as set out in the BAC Terms of Reference.

The BAC assessed the quality and integrity of the Bank's financial statements, financial reporting, and ensured the effectiveness of the internal control framework.

The BAC met the external auditors and Chief Internal Audit Officer on a regular basis, without the presence of Executive Management, to discuss matters relating to the areas within the Committee's remit.

The BAC continued to coordinate activities with the Board Risk and Compliance Committee, holding two joint meetings during the year, to ensure an adequate flow of information between the Committees.

The BAC ensured that the 2024 Internal Audit Plan focussed on providing adequate assurance that the Bank's internal controls remained robust.

The BAC reviewed observations raised by the internal and external auditors, the Central Bank of the UAE, the Financial Audit Authority, and other regulators, and ensured that appropriate actions have been taken with respect to these observations. The BAC's priority is to ensure the Bank complies with all regulations.

The BAC exercised oversight on the performance and effectiveness of the Bank's Internal Audit function (and separately, the performance of the Chief Internal Audit Officer and Head of Shari'ah Audit) and reviewed updates to its audit plan and staffing, taking into consideration the Central Bank of the UAE's regulations on Internal Controls, Compliance, and Internal Audit.

The BAC managed the relationship with the external auditor, and oversaw the process of selection of the new external auditor for 2024.

The BAC recommended the appointment of Deloitte as CBD's external auditor for approval by the Board, which was approved and ratified by shareholders at the 2024 Annual General Meeting.

The BAC evaluated the external auditors' qualifications, performance, independence, and objectivity, and reviewed and approved the scope of work proposed by the external auditors for 2024.

The BAC is pleased with the continued enhancement of the Bank's 'three lines of defence', with strong progress being made across all lines.

Looking ahead to 2025

Looking forward, the BAC's schedule includes at least five meetings for 2025, which will focus on the integrity of CBD's financial statements, IFRS 9 adherence, assessment and oversight of the internal and external auditors, as well as ensuring the 2025 Internal Audit plan is reflective of current and emerging risks. The Committee will continue to co-ordinate its activities with the Board Risk and Compliance Committee.

The BAC will also oversee the independence and performance of the External Auditor, Internal Audit and Internal Shari'ah Audit.

Sheikh Maktoum Bin Hasher Al Maktoum
Chairman of the Board Audit Committee



Board Committees

Board Remuneration, Nomination and Governance Committee

Role

The Board Remuneration, Nomination and Governance Committee (REMCO) is established by the Board. The purpose of the Committee is to assist the Board by:

- Approving the Bank's People Strategy and monitoring its delivery
- Approving the Bank's Reward Policy as applied to all employees of the Bank and its associated and/or subsidiary companies
- Approving all other HR policies associated with remunerations and/or the Reward Policy
- Approving the Code of Conduct and Conflict of Interest Policy
- Approving remuneration packages for senior executives in line with the Corporate Governance Regulations
- Providing recommendations in relation to remuneration for Board Members
- Approving long-term incentive plans for employees
- Ensuring that the compensation of employees in the control functions of Risk Management including Internal Shari'ah Control, Compliance, Internal Audit and Internal Shari'ah Audit are determined independently of the performance of the Bank
- Ensuring that performance-based compensation of senior executives and Material Risk Takers is reduced or reversed, based on realised risks and violations of laws, regulations, Code of Conduct, or other policies before compensation vests
- Reviewing business-related incentive schemes
- Approving benefit plans for all employees
- Establishing a fit and proper process for the selection of Board Members and senior executives
- Reviewing succession plans of senior executives and Board Members
- Recommending individuals for nomination as members of the Board and its Committees and Internal Shari'ah Supervision Committee (ISSC)
- Overseeing the performance management system and performance goals for the CEO and all senior executives including CRO, CIA, Head of Internal Shari'ah Control, and Head of Internal Shari'ah Audit
- Overseeing the organisational structure of Committees and senior executives
- Reviewing corporate governance arrangements, including but not limited to, the Board's selection, suitability and diversity; Board's continuing professional development; overseeing the annual performance evaluation of the Board, its Committees and individual Board members; and Committees' structures and adequacy
- Reviewing any other ancillary matters to the above as decided by the Committee
- Reviewing and approving policies where it has the responsibility to do so as per the Policy and Procedure DoA
- Approving credit facilities extended to staff or relatives of staff outside the ordinary course of business

Committee Composition Before the Election (6 March 2024)

REMCO was composed of five (5) Directors – one (1) Independent and four (4) Non-Independent Directors.

- H.E. Ahmad Julfar: Chairman – Independent
- Mr. Ali Al Fardan: Member– Non-Independent
- Mr. Abdulla Al Hathboor: Member – Non- Independent
- Mr. Hamad Al Futtaim: Member – Non-Independent
- Mr. Abdulla Al Turifi: Member - Non-Independent

2024 Board Remuneration, Nomination and Governance Committee Meetings

Date of REMCO Meeting	Number of Attendees	Name of Absent Members
17 January 2024	5/5	
22 January 2024	5/5	
19 February 2024	5/5	

Board Committees

Board Remuneration, Nomination and Governance Committee

Committee Composition After the Election (6 March 2024)

REMCO is composed of five (5) Directors – two (2) Independent and four (3) Non-Independent Directors.

- Dr. Abdullah Al Karam: Chairman – Non-Independent
- H.E. Ahmad Julfar: Member – Independent
- Mr. Saod Obaidalla: Member – Independent
- Mr. Ali Al Fardan: Member – Non-Independent
- Ms. Moza Al Futtaim: Member – Non-Independent

2024 Board Remuneration, Nomination and Governance Committee Meetings

Date of REMCO Meeting	Number of Attendees	Name of Absent Members
5 June 2024	5/5	
11 September 2024	5/5	
20 November 2024	5/5	

Time Allocation for 2024 REMCO Meetings



23%
Compensation

18%
Nomination

22%
Human Resources (incl. executive management KPI scorecard updates)

19%
Governance, policies and Board related matters

18%
Emiratisation

Board Committees

Board Remuneration, Nomination and Governance Committee



Statement from the REMCO Chairman

Dear Shareholders,

On behalf of the members of the Remuneration, Nomination and Governance Committee, we are pleased to present our Report for 2024. The Committee continued its focus on the development of a high-performance culture, ensuring that our performance planning and reward mechanisms remain fit for purpose and aligned to our business goals. In addition, REMCO monitored the efficacy of our organisational structures, the engagement of our employees, and the development of our workforce, with a particular focus on the ongoing growth of our UAE Nationals and the enhancement of core skills for the Bank – Credit, Digital, and Leadership & Management.

Emiratisation remains a key focus and strategic objective for the Bank and is a recurring agenda item across all our Board REMCO meetings. We consider the recruitment and retention of UAE Nationals a priority for our continued success. We aim to attract and develop UAE Nationals at all levels, helping us to create a robust talent pipeline for the future. In 2024, the Bank hired more than 100 UAE Nationals, reinforcing our commitment to 'Backing the Nation's Ambitions' and creating a strong and thriving UAE Nationals workforce.

The Bank has implemented several initiatives to ensure the retention of our talented UAE Nationals. We have introduced comprehensive learning and development programmes, a new AI-driven Learning Experience Platform, and offer competitive compensation packages. Furthermore, we have established a supportive work environment that fosters growth and innovation, ensuring our employees feel valued and motivated to build long-term careers with us.

Our Tech Graduate hiring programme continues to be a cornerstone of our Emiratisation and digital upskilling strategy. This programme is designed to attract young, tech-savvy graduates who are eager to embark on careers in the banking sector. Through this programme, we offer extensive training and development opportunities, enabling graduates to gain hands-on experience and develop the skills necessary for success in the industry. We are committed to expanding this programme and provide more opportunities for UAE nationals to join our team and contribute to our technological advancements.

Our reward strategy provides a framework for the Committee to carry out its responsibilities throughout the year. Within the authority delegated by the Board, the Committee is responsible for approving the remuneration policy of the Bank, including the terms of bonus plans and other long-term incentive plans, and for agreeing on the individual remuneration packages of Executive Directors and other senior employees of the Bank, as well as Material Risk Takers.

During the year, significant time was spent by the Committee to ensure that the Bank's ambition to maintain a high-performance culture is realised through:

- An in-depth review of balanced scorecards for goal setting and performance achievement, as these support the performance and rewards assessments with reference to clear and relevant objectives, which are set under four categories: Financial, People, Customer and Change Management/Strategic Initiatives. Whilst the achievement of financial objectives is very important, the other objectives relating to risk mitigation and controls, customer development and the productivity of the human capital, are key to the performance and sustainability of the Bank over the short and medium term
- The Bank's succession and talent management plans, with a specific focus on UAE national succession.

The Committee dedicated considerable time in overseeing regular updates and enhancements of the Corporate Governance Framework, ensuring alignment with regulatory requirements and both local and international leading practices. This includes the Board's performance review, continuous professional development, and review of Corporate Governance plans and policies.

Additionally, the Committee reviewed the risk incidents and risk appetite breaches during the year, including considering whether disciplinary processes or adjustments in variable compensation were appropriate.

Furthermore, the Committee regularly reviews the Culture Dashboard presented by the Chief Risk Officer. This dashboard provides updates on culture-related metrics to assess the healthiness of the Bank's culture, and ensure remedial actions are taken where needed to foster enhancements to a positive company culture. The Culture Dashboard includes KPIs covering areas such as Customers, People, Integrity, and Compliance.

Dr. Abdulla Mohamed Al Karam
Chairman of the Board Remuneration, Nomination, and Governance Committee

Board Committees

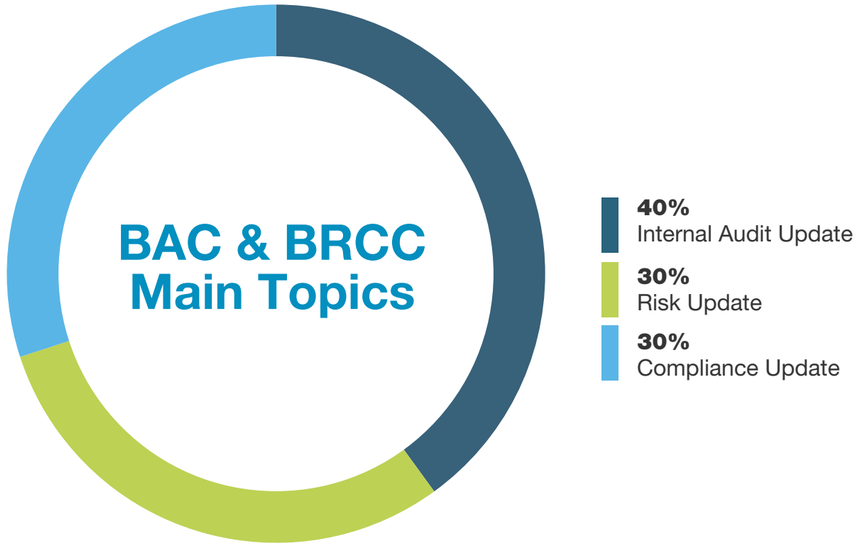
Joint Board Audit Committee and Board Risk & Compliance Committee Meetings

The Committees had two joint meetings during the year to discuss the following:

- Internal audit update
- Entity risk summary
- Compliance update

Date of BAC & BRCC Joint Meeting	Number of Attendees	Name of Absent Members
15 May 2024	7/7	
23 October 2024	7/7	

Time Allocation for 2024 BAC & BRCC Joint Meetings



Board Committees

Joint Board Credit & Investment Committee and Board Risk & Compliance Committee Meetings

The Committees had one joint meeting during the year to discuss:

- Potential market opportunities
- FRR and credit proposals updates

Date of BCIC & BRCC Joint Meeting	Number of Attendees	Name of Absent Members
28 June 2024	4/6	Mr. Khalid Al Rostamani H.E Ahmad Binbyat

Time Allocation for 2024 BCIC & BRCC Joint Meetings



55%
Potential market opportunities

45%
FRR and credit proposals updates

Subsidiary Governance

Subsidiaries are established to meet various business needs, including market expansion, risk management, specialisation, regulatory compliance, operational efficiency, and financial benefits. In accordance with CBD's Corporate Governance Manual, and in line with applicable laws and regulations, including CBUAE's Regulations and Standards on Corporate Governance for Banks, CBD extends sound corporate governance practices and policies to its subsidiaries. This includes adopting appropriate governance structures for subsidiaries, ensuring an effective chain of oversight.

All the Bank's subsidiaries are required to comply with the Bank's Corporate Governance Manual and relevant laws and regulations applicable in their respective jurisdictions.

The following is the list of subsidiaries of the Bank as of 31 December 2024:

Name of Subsidiary	Ownership Interest	County of Incorporation	Principle actvities
Subsidiary			
CBD Financial Services LLC	100%	UAE	Provide brokerage facilities for local shares and bonds
Attijari Properties LLC	100%	UAE	Self-owned property management services, as well as buying and selling of real estate
Special Purpose Entity			
CBD (Cayman) Limited	100%	Cayman Islands	Issuance of debt securities
CBD (Cayman II) Limited	100%	Cayman Islands	Transact and negotiate derivative agreements
VS 1897 (Cayman) Limited	100%	Cayman Islands	Manage investment acquired in the settlement of debt
CBD Digital Lab Limited [Subsidiary of VS 1897 (Cayman) Limited]	100%	UAE	Technology research and development
Hortin Holding Limited [Subsidiary of VS 1897 (Cayman) Limited]	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%	British Virgin Islands	Manage real estate-related investment acquired in the settlement of debt
Westdene Investment Limited [Subsidiary of VS 1897 (Cayman) Limited]	100%	British Virgin Islands	Manage real estate-related investment acquired in the settlement of debt

Note: During the year 2024, the following subsidiaries of CBD were liquidated: Noor Almethaq Real Estate Development LLC on 12 September 2024, and CBD Employment Services One Person Company LLC on 13 September 2024.

Senior Management & Remuneration
Selection Process

All employees hired at the senior executive level of the Bank are selected through a fair and rigorous process. The Bank is committed to ensuring that its Executive Committee (EXCO) comprises of highly qualified individuals from diverse backgrounds, each possessing an extensive track record and fully compliant with the Central Bank's Corporate Governance and Fitness & Propriety Regulations & Standards.

During the year, the Bank adhered to the Fit and Proper requirements outlined in CBUAE's Corporate Governance Regulations and Standards. In November 2024, the CBUAE published Fitness & Propriety Regulation & Standards, which included revised criteria for Fit and Proper assessments in addition to Continued Personal Development (CPD) requirements for Senior Management. Moving forward, the Bank will ensure that all prescribed individuals by CBUAE, including Senior Management and Material Risk Takers (MRTs), adhere to the revised Fit and Proper regulations and standards, as recommended by the CBUAE.

Competence & Capability

Applicants must possess the necessary qualifications, training, experience, and skills, and meet the Central Bank's requirements. They should demonstrate competence, proficiency, and a sound understanding of the business, regulatory environment, and specific responsibilities. Key areas of knowledge include:

- Financial sector and markets
- Legal and regulatory framework
- Risk management and internal controls
- ESG factors and sustainability
- Corporate governance and strategic planning
- Accounting and financial analysis

Honesty, Integrity and Reputation

The conduct and actions of the individual subject to the Fit and Proper Process must unequivocally demonstrate integrity beyond reasonable doubt.
In assessing the honesty, integrity, and reputation of the candidate, the Bank will evaluate, among other factors, the following:

- Convictions for crimes involving dishonesty, incompetence, malpractice, or fraud
- Adverse findings or settlements in civil cases related to financial crimes within the past 10 years
- Uncooperative behaviour with authorities, leading to non-compliance with legal or regulatory standards
- Lack of fairness, truthfulness, or transparency in dealings with customers, auditors, or authorities
- Judgments or decisions against them by courts or other bodies; disqualification from managerial roles
- Convictions or findings of guilt in disciplinary, regulatory, or criminal proceedings
- Involvement with entities that have faced disciplinary actions or sanctions
- Breaches of material requirements of Central Bank laws or equivalent regulations
- Associations with businesses that have encountered legal or regulatory issues, including winding up or refusal of licenses
- Complaints to regulatory bodies affecting their ability to perform relevant functions
- Potential or ongoing criminal or disciplinary proceedings
- Provision of false or misleading information to the Central Bank or uncooperative behaviour
- Unwillingness to maintain effective internal control systems and risk management practices
- Engagement in deceitful, negligent, or improper business practices
- Dismissal or resignation from positions due to questions about honesty and integrity

Financial Solvency

In assessing the financial soundness of the candidate, the Bank will assess whether the person can maintain solvency and prudent financial control. It includes meeting liabilities as they become due, and ensuring adequate control over financial risks on a continuing basis. A person's financial conduct is relevant to an assessment of his/her professional integrity as it may have an impact on his/her reputation. In determining the financial soundness of the candidate, the Bank will also consider matters such as, but not limited to:

- Experience in managing financial obligations prudently
- Reasonable expectation to meet debts as they fall due
- Defaults on judgments, debts, or awards that remain outstanding
- Seeking relief for debt, making arrangements with creditors, filing for bankruptcy, or having assets sequestered
- Provision of satisfactory credit references, where applicable
- Inability to fulfil financial obligations as they fall due
- Persistent failure to manage personal debts or financial affairs satisfactorily, causing detriment to others
- Holding a loan or credit facility in arrears for over 90 days in the past year
- Sound and prudent management of previous business dealings
- Involvement in the management of an entity that went into receivership, insolvency, or liquidation while connected with it or shortly after departure

Senior Management & Remuneration

Selection Process

Independence of Mind

The Bank will conduct a thorough evaluation to ensure that applicants demonstrate the ability to make independent and objective decisions, free from undue external influence. Applicants must be capable of expressing divergent opinions and challenging Senior Management and the Board. It is essential to assess these individuals for independence from any influences that could impair their duties, including other employment interests and obligations.

Additionally, the Bank will examine whether an individual's membership on other boards could conflict with the Bank's interests. The Bank will also ensure that individuals do not hold concurrent responsibilities that could impair their ability to perform their designated functions effectively. Furthermore, the Bank will assess whether any business or personal relationships could pose a conflict of interest or interfere with the individual's judgment.

Time Commitment

The Bank will ensure that an applicant can commit sufficient time to their role and responsibilities. This will include verifying if the individual has a full-time job and assessing the number of hours or days dedicated to each role. The Bank also examines whether any of the roles include additional duties, such as being a member or chair of committees.

Additionally, the Bank will consider if the other roles require more time due to their nature, type, or size (e.g. if the entity is regulated or listed). Finally, the Bank should assess whether the individual's experience enables them to perform their duties more efficiently. To ensure that the individual can meet their time commitments, the Bank must obtain a declaration from the individual stating they have sufficient time for all their roles.

Regulatory Approvals

All applications related to positions that require Central Bank of UAE's approval will be sent to the Banking Supervision Department, along with the required appointment documents to ensure that all necessary regulatory requirements are met, and that the Central Bank can thoroughly review each candidate's qualifications and suitability for the role.



Senior Management & Remuneration

Management Committees

Certain day-to-day activities of the Bank have been delegated by the Board to the CEO and Management Committees. These Management Committees are established for the purpose of recommending, deciding, approving, and/or monitoring key topics in their respective areas of specialisation. These Committees provide a platform for discussions between the Senior Management team on key business and control areas for the Bank.

Management Committees are endowed with full executive powers to take decisions and actions related to their field, scope, and structured hierarchy in line with the existing delegations of authority. The following are the core committees of the Bank:

Executive Committee (EXCO)

The EXCO is the most senior management committee whose responsibilities include assessing and recommending the annual review plan and strategy, reviewing the financial performance, reviewing and recommending major investment and expansion decisions, and approving any other key business matters.

Asset and Liability Committee (ALCO)

The ALCO's objective is to safeguard the long-term profitability of the Group by managing the mix of assets and liabilities, given its expectations of the future and the potential consequences of interest rate movements, liquidity constraints, foreign exchange exposure and capital adequacy. The ALCO is also responsible for ensuring that all strategies conform to the Group›s risk appetite and levels of exposure as determined by the Board.

Credit Committee (CC)

The CC manages CBD's credit risk by reviewing, and approving or recommending individual customer proposals that involve the Bank taking any credit risk, in line with the specific authorities delegated by the Board Credit and Investment Committee, and the Board.

Project Investment Committee (PIC)

Reviews and approves investment projects for the Bank within Board-approved budgets and provides guidance for the Bank›s long The PIC reviews and approves investment projects for CBD and provides guidance for the Bank's long-term and short-term goals in the areas of strategic project investment. The PIC governs all projects of CBD including but not limited to those with a direct or an indirect dependency on IT. The PIC is also responsible for reviewing key aspects including the investment slate, project performance, project financials, business case approvals and project delivery.

Risk Management and Compliance Committee (RMCC)

The purpose of RMCC is to manage all risks that have the potential to materially impact the Bank's financial performance or the sustainability of its business operations. It oversees the implementation of the policies, procedures, processes and framework related to all risks, and maintains oversight of the risks across the Bank. In addition, RMCC ensures compliance with regulatory requirements specified by regulators applicable to CBD. The Committee also provides a robust and consistent framework for the timely identification, analysis, mitigation and management of material risks.

Human Resource Committee (HRC)

The HRC manages all matters related to the Bank's people strategy, culture, Emiratisation strategy, performance and rewards, resourcing, succession planning, and other HR related matters.

The Bank also has other sub-committees and forums to support it in recommending, deciding, approving and/or monitoring key topics in their respective areas of specialisation such as Operational Risk Management Committee, ESG Council, IFRS 9 Provisioning, Transformation Forums, Model Oversight Committee, and others.

Senior Management & Remuneration

Remuneration Policy

Remuneration Strategy

The quality and long-term commitment of our employees, particularly those who are high-performing individuals, is fundamental to our success. We therefore aim to attract, retain, and motivate the very best people who are committed to maintaining a long-term career with the Bank, and who will perform their roles in the long-term interest of the shareholders.

Our reward package comprises four key elements:

- Fixed pay
- Benefits
- Annual incentive (discretionary bonus or incentive plan)
- Deferred incentives

These elements support the achievement of our strategic initiatives by balancing rewards for both short-term and long-term sustainable performance. Our strategy is designed to reward performance and align employee remuneration with our risk framework and risk outcomes.

Details of remuneration awarded during the financial year to Senior Management and Material Risk Takers can be found in our 2024 Pillar III disclosure.

A rounded approach to measuring performance

We assess performance with reference to clear and relevant objectives set within a holistic, balanced scorecard framework where objectives are set within four categories: Financial, People, Customer and Risk & Compliance.

Significant importance is given to the achievement of Financial and Risk objectives. Objectives relating to customer development and the productivity of our human capital are key to sustained financial performance, and the development of the Bank over the short and medium term.

A focus on total compensation with variable pay differentiated by performance

Reward is delivered through a combination of fixed and variable pay. The variable pay element is differentiated by performance over the short term for most employees. The performance-related elements of pay comprise a material proportion of the total compensation package for Senior Management, whilst maintaining an appropriate balance between fixed and variable elements. Remuneration is structured to provide an opportunity for market top quartile total compensation for higher levels of performance.

Aligning individual reward with Bank's performance and shareholders' interests

For Material Risk Takers (as defined by CBUAE rules) in the performance year 2024, a significant portion of variable pay will be delivered in the form of deferred cash through the implementation of a deferred variable pay plan subject to malus, so it can be cancelled if warranted by events. CBD incentivises sustainable long-term performance using pre-grant performance measures that align with shareholder interests during a three-year vesting period, with the ability to apply malus.

Competitive and cost-effective packages to attract and retain employees

CBD provides a total compensation package (salary, bonus, and longer-term incentives, where appropriate) which is competitive in relation to comparable organisations in the market we operate in.

At the end of 2022, the Committee appointed Aon to provide independent advice on employee remuneration, and the result of the study was presented to the Committee in April 2023.

Effective management of risk

Performance is assessed by taking risk into account using a combination of quantitative and qualitative measures as informed by the Risk Appetite Framework.

The integration of risk management with reward commenced in 2022 when the Chief Risk Officer started providing advice to the Committee through a review of the Bank's Risk Appetite statement, which describes the quantum of risk that we are prepared to take in executing our strategy. It shapes our integrated approach to business, risk and capital management, and supports us in achieving our financial objectives. The Risk Appetite Framework is agreed by the Board, and provides an important input to the Committee's deliberations with regards to remuneration. In addition, individual performance is also reviewed against key risk and compliance objectives to ensure that proposed individual remuneration is appropriate against those aspects.

Adjustments, Malus and Clawback

To reward legitimate performance, individual awards are made based on a risk-adjusted view of both financial and non-financial performance. Considering this, the Committee has the discretion to reduce an employee's current year variable pay to reflect detrimental conduct, or involvement in Bank-wide or more specific risk events.

Further, REMCO can, in appropriate circumstances, reduce or cancel all or any part of any unvested awards under the applicable malus provision. Appropriate circumstances include, but are not limited to, conduct detrimental to the business; past performance being materially worse than originally understood; restatement, correction, or amendment of any financial statements; or improper or inadequate risk management.

The Committee can suspend the vesting of unvested deferred awards granted in prior years, where the awards are scheduled to vest before the outcome of a review of a Bank-wide risk event is known.

Finally, REMCO may operate a clawback, in appropriate circumstances, in respect of awards that have vested and been paid out.

Since 2022, REMCO has implemented a formal policy on malus and clawback, with supporting procedures, which are continuously updated.

Senior Management & Remuneration

Remuneration Policy

	Remuneration Amount (AED '000s)		31 December 2024		31 December 2023	
			Senior Management	Other Material Risk-takers	Senior Management	Other Material Risk-takers
1	Fixed Remuneration	Number of employees	15	14	15	13
2		Total fixed remuneration	35,087	16,018	30,908	15,816
3		Of which: cash-based	35,087	16,018	30,908	15,816
4		Of which: deferred	-	-		
5		Of which: shares or other share-linked instruments	-	-		
6		Of which: deferred	-	-		
7		Of which: other forms	-	-		
8		Of which: deferred	-	-		
9	Variable Remuneration	Number of employees	14	13	13	8
10		Total variable remuneration	31,659	8,987	20,810	4,188
11		Of which: cash-based	24,543	7,357	20,810	4,188
12		Of which: deferred	7,116	1,630		
13		Of which: shares or other share-linked instruments	-	-		
14		Of which: deferred	-	-		
15		Of which: other forms	-	-		
16		Of which: deferred	-	-	-	-
17	**Total Remuneration (2+10)**		**66,746**	**25,005**	**51,718**	**20,004**

Islamic Banking Governance

CBD offers Shari'ah compliant financial solutions to retail and corporate clients under the Islamic window branded as CBD Al Islami.

CBD Al Islami operates in accordance with Federal Laws and the Central Bank of the UAE's Higher Shari'ah Authority (HSA). All CBD Al Islami business activities, products, services, contracts, documents, and its code of conduct are supervised by the Bank's Internal Shari'ah Supervision Committee (ISSC). The ISSC is an independent body, appointed by the general assembly of the Bank, based on the Board of Directors' nomination, for a term of three (3) years, and has the ultimate authority within CBD regarding all Shari'ah related matters.

Shari'ah internal governance at CBD is established based on a 'three lines of defence' approach, as outlined in the standards and regulations issued by the CBUAE. The first line of defence is managed by the Head of Islamic Banking, overseeing business operations. The second line of defence is an independent and separate Internal Shari'ah Control Department, led by the Head of Internal Shari'ah Control, which implements and oversees Shari'ah governance at CBD.

The third line of defence is a separate and independent Internal Shari'ah Audit Department, headed by the Head of Internal Shari'ah Audit. This department undertakes the Shari'ah review and audit of the Islamic products and services offered by CBD Al Islami.

Additionally, Islamic Banking maintains a separate set of financial records to ensure that the accounts for the Islamic business are completely segregated from CBD's conventional accounts.



Islamic Banking Governance

Members of the Internal Shari'ah Supervision Committee (ISSC)

The ISSC meets at least four (4) times a year. Additionally, the ISSC holds meetings with the Board to discuss issues pertaining to Shari'ah compliance, with a minimum of one meeting per financial year. Additional meetings may be convened if required, at the request of either the Board, BRCC or ISSC to address matters pertaining to Shari'ah compliance or any other matter that requires the Board's attention.

The ISSC comprises of the following respected Shari'ah scholars:



Sheikh Dr. Mohammed Abdul Rahim Sultan Al Olama
Chairman

Sheikh Dr. Al Olama is a member of the Grand Islamic Scholars Body in Dubai, and an acknowledged expert in Islamic finance. Sheikh Dr. Al Olama is also the head of the Fatwa Committee of Zakat Funds in the UAE. He currently serves on a number of Shari'ah boards representing Islamic financial institutions and Takaful companies. He has written extensively on modern Islamic finance, and has presented numerous research papers at various international conferences. Sheikh Dr. Al Olama holds a PhD in Comparative Islamic Law from Umm Al Qurra University in Mecca, Saudi Arabia.



Sheikh Moosa Tariq Khoory
Member

Sheikh Moosa Tariq Khoory is currently a member of multiple internal Shari'ah supervision committees within the UAE. Mr. Khoory holds a Master's Degree in Islamic Jurisprudence and its Foundations, and a Bachelor's Degree in Shari'ah and Islamic Studies, specialising in Jurisprudence and its Foundations, from the University of Sharjah.



Dr. Abdulrahman Alsaadi
Member

Dr. Abdulrahman Alsaadi currently holds memberships on several Shari'ah boards, including NBF Bank and Sharjah Islamic Bank in the UAE and MUZN Islamic Bank in Oman. He has a strong academic background in Islamic jurisprudence and finance. He holds a Doctorate and a Master's degree in Comparative Jurisprudence from Imam Mohammad Bin Saud Islamic University in Riyadh, Saudi Arabia. He also has a Bachelor's degree in Shari'ah and a higher diploma in Moral Economy and Sustainable Development from the UK.

He has been an Associate Professor in the Islamic Banking Department at the University of Bahrain since 2013, and has been serving as the Rapporteur for the Shari'ah Board at AAOIFI since 2012.

Islamic Banking Governance

Annual Sharia Report 2024

The Annual Report of the Internal Sharia Supervision Committee (ISSC) of Commercial Dubai Bank – CBD Al Islami

Praise to Allah, the Lord of the Worlds, and Peace be Upon the Most Honorable Prophet and Messenger of Allah, Our Master Mohammed, His Household, and His Companions, altogether

Dated: 09/01/2025

To the Shareholders of the Commercial Bank of Dubai (CBD) (the "Institution")

The Internal Sharia Supervision Committee of the Institution (the "**ISSC**"), and in accordance with the requirements stipulated in the relevant laws, regulations, and standards (the **"Regulatory Requirements"**), would hereby submit the report thereof in relation to the businesses and activities of the Institution, which are compliant with the Islamic Sharia, for the financial year ending on 31 December 2024 (the **"Financial Year"**).

1. ISSC's Responsibility

The ISSC's responsibility, according to the supervisory requirements and the regulatory bylaw thereof, is to undertake the Sharia supervisory control over all the businesses, activities, products, services, contracts, documents, and business charters of the Institution and the accounting standards and policies, and the operations and activities, in general, and the memorandum of association, the articles of association, and the financial statements of the Institution, and the distribution of profits and the incurrence of losses, expenses and expenditures amongst the shareholders and the owners of investment accounts (the "Institution's Business"), and to issue Sharia resolutions regarding the same, and to set forth the necessary Sharia regulations for the Institution's business and the compliance thereof with the Islamic Sharia within the framework of the rules, principles, and standards that are set forth by the Higher Sharia Authority (the **"Authority"**), to ensure the compliance thereof with the Islamic Sharia.

The senior management is responsible for ensuring the Institution's adherence to the Islamic Sharia according to the resolutions, Fatwas, and opinions of the Authority, and the ISSC's resolutions within the framework of the rules, principles, and standards that are set forth by the Authority ("Compliance with Islamic Sharia") in all the businesses thereof. The board of directors shall undertake the final responsibility in this regard.

2. Sharia Standards

The ISSC has relied on the Sharia standards issued by the Accounting & Auditing Institution for Islamic Financial Institutions (**"AAOIFI"**), as the minimum standards of the Sharia requirements, and has adhered to whatever Fatwa that is given thereby and whatever is approved or recommended thereby as in relation to the Institution's business throughout the ending financial year without exception, according to the Authority's Resolution No. 18/3/2018.

3. The ISSC's Proceedings During the Financial Year

The ISSC exercised Sharia supervisory control over the Institution's business by reviewing and monitoring the Institution's business through the Internal Sharia Control Division, and according to the authorities and responsibilities of the ISSC and the supervisory requirements in this regard. The proceedings undertaken by the ISSC include the following:

- Holding four (4) meetings during the financial year.
- The issuance of Fatwas and resolutions and the exchange of opinions as in relation to the Institution's business presented to the ISSC.
- The review of the policies, procedures, accounting standards, the structures of the products, and the contracts, documents, business charters, and the other documents submitted by the Institution to the ISSC for approval.
- Ascertaining the level of compliance of allocation of expenditures and costs, and distribution of profits between holders of investment accounts, shareholders and holders of investment accounts with parameters set by the ISSC

- Institution Supervision through the Internal Sharia Control Division, Internal Sharia Audit, of the Institution's Activities including supervision of executed transactions and adopted procedures on the basis of samples selected from executed transactions, and reviewing reports submitted in this regard.Institution Providing guidance to relevant parties in the Institution – to rectify (where possible) incidents cited in the reports prepared by internal Sharia control division, internal Sharia audit, and issuing of resolutions to set aside revenue derived from transactions in which non-compliances were identified for such revenue to be disposed towards charitable purposes.
- The approval of the corrective/preventive measures as in relation to the errors that were discovered in order to prevent the recurrence thereof.
- The obligation to pay Zakat rests with the shareholders. The Bank's management is not authorized to pay Zakat on their behalf, except in relation to the Investment Risk Reserve (IRR) for Mudaraba and Wakala accounts. Shareholders will be notified of the applicable Zakat percentage, if any, through a separate letter.
- Communication with the board of directors and the subsidiary committees thereof and the senior management of the Institution, as needed, regarding the Institution's adherence to Islamic Sharia.

The ISSC sought to obtain all information and interpretations deemed necessary in order to reach a reasonable degree of certainty that the Institution is compliant with Islamic Sharia

4. The Independence of ISSC

The ISSC acknowledges that it has carried out all of its duties independently and with the support and cooperation of the senior management and the Board of the Institution. The ISSC received the required assistance to access all documents and data, and to discuss all amendments and Sharia requirements

5. The ISSC Opinion Institution on the Sharia Compliance Status of the Institution

Based on the information and clarifications we have received in order to verify the Institution's adherence to Islamic Sharia, the ISSC has concluded, with an acceptable degree of confidence, that the Institution's business over the financial year **are compliance with the Islamic Sharia, with the exception of the noticed violations** that have been reported. The ISSC has directed for taking the appropriate actions in this regard.

The aforementioned opinion of the ISSC is exclusively based on the information that were reviewed thereby throughout the financial year.

We plead to Almighty Allah to guide everybody to righteousness and success.

Best Regards,

The Honourable Sheikh Dr. Mohd Abdulrahim Sultan Al Olamaw
Chairman of Committee and Executive Member

The Honourable Dr. Abdulrahman Alsaadi
Committee Member

Approval covers the period from 1/11/2024 to 31/12/2024, as my membership in the committee began on 1/11/2024.

The Honourable Sheikh Moosa Tariq Khoory
Committee Member

External Auditors

Auditors, Duration of Mandate, and Term of Office of the Lead Auditor

Pursuant to Article 52 of the Articles of Association, and subject to the rules and decisions issued by the Central Bank, CBD shall have one (1) or more auditor(s). The General Assembly shall appoint the auditor and determine his remuneration based upon nomination by the Board of Directors. The auditor must be registered and must be licensed to practice in the UAE. The auditor shall be appointed for a renewable term of one (1) year, provided the renewed terms do not exceed six (6) consecutive years and provided further that the partner responsible for the auditing shall be changed at the end of three (3) fiscal years. The auditor shall have the duty to monitor the financial accounts for the year for which they were appointed. The auditor shall begin their duties at the end of the Annual General Assembly Meeting, through until the end of the following annual General Assembly Meeting.

KPMG Lower Gulf Limited has served as CBD's external auditor from March 2018 to March 2024. In March 2024, the General Assembly Meeting of Shareholders appointed Deloitte & Touche (M.E.) as CBD's external auditor in line with the Board of Directors' proposal and the auditor rotation policy.

External Auditor's Information and Fees

Name of the Audit Office	**Deloitte & Touche (M.E.)**
Name of Partner Auditor	**Musa Ramahi**
Number of years he spent as the Bank's external auditor	1
Number of years the partner auditor spent auditing the Bank's accounts	1
External auditor's fees (AED)	**2024**
Total fees for auditing CBD's consolidated financial statements	1,819,755
Fee for other audit-related services	1,180,130
Fee for any non-audit services	NIL
Total external auditor's fees	**2,999,885**





External Auditors

Policy on Relationship with External Auditors

The Board considers the external auditor's independence as a fundamental pillar for the credibility and reliability of auditors' reports. To ensure this independence, CBD has adopted a policy on auditor independence, ensuring that CBD's external auditor is both independent and perceived to be independent. The policy is interpreted in consideration with specific requirements of the UAE Commercial Companies Law of 2021, the Decretal Federal Law No. (14) of 2018 Regarding the Central Bank & Organisation of Financial Institutions and Activities, the Central Bank of UAE Regulations on Financial Reporting and External Audit, and international best practices.

The Board Audit Committee recommends the appointment and compensation of the external auditor for Board endorsement, and Annual General Assembly approval. The Committee oversees the external auditor's work, resolves any financial reporting disagreements between Management and the auditor, and requires the auditor to report directly to the Committee. Additionally, the Committee must pre-approve all audit and non-audit services performed by the external auditors, either individually or under pre-approved policies.

CBD mandates that all services provided by the external auditor, including the non-audit services, must be in accordance with the following principles:

- The external auditor should not have a mutual or conflicting interest with CBD
- The external auditor should not audit its own work
- The external auditor should not function as part of management or as an employee
- The external auditor should not act as an advocate of CBD

Furthermore, any potential appointments of ex-partners or ex-employees from the external auditor to CBD as finance or audit employees at senior manager level or higher, must be approved in advance by the Chairman of the Audit Committee, following consultation with the Chairman of the Remuneration, Nomination and Governance Committee.

Stakeholders' Engagement

Investor Relations and Disclosures

CBD is committed to providing timely, orderly, consistent, accurate and balanced disclosure of all material information about the Bank, ensuring fair and equal access to such information in compliance with legal and regulatory requirements.

The Bank believes that transparency and accountability are fundamental to fulfilling its vision and strengthening the trust of its stakeholders. The Bank is committed to complying with applicable regulatory requirements to ensure fair disclosure of material information to the public marketplace, while safeguarding sensitive information relating to its business customers.

The Investor Relations Department ensures timely dissemination of financial and non-financial information through various channels. CBD regularly updates the market through quarterly results and press releases. For the year-end results, the Bank publishes integrated reporting consisting of the following:

- The Annual Report, providing comprehensive details on financial results
- The Corporate Governance Report, detailing the overall governance framework and achievements during the year
- The Sustainability Report, outlining ongoing and future environmental, social and governance initiatives
- The Board of Directors' Report, highlighting key financial and operational activities
- The Annual Shari'ah Report, covering updates on the activities of the Internal Shari'ah Supervision Committee of the Bank

Furthermore, the Bank engages with investors through one-to-one meetings, roadshows, and investor conferences. This approach was exemplified during the issuance of the Bank's first green bond, supported by roadshows encompassing meetings in different international financial hubs.

Investor relations contact details

Investor.relations@cbd.ae
https://cbd.ae/aboutus/investor-relations



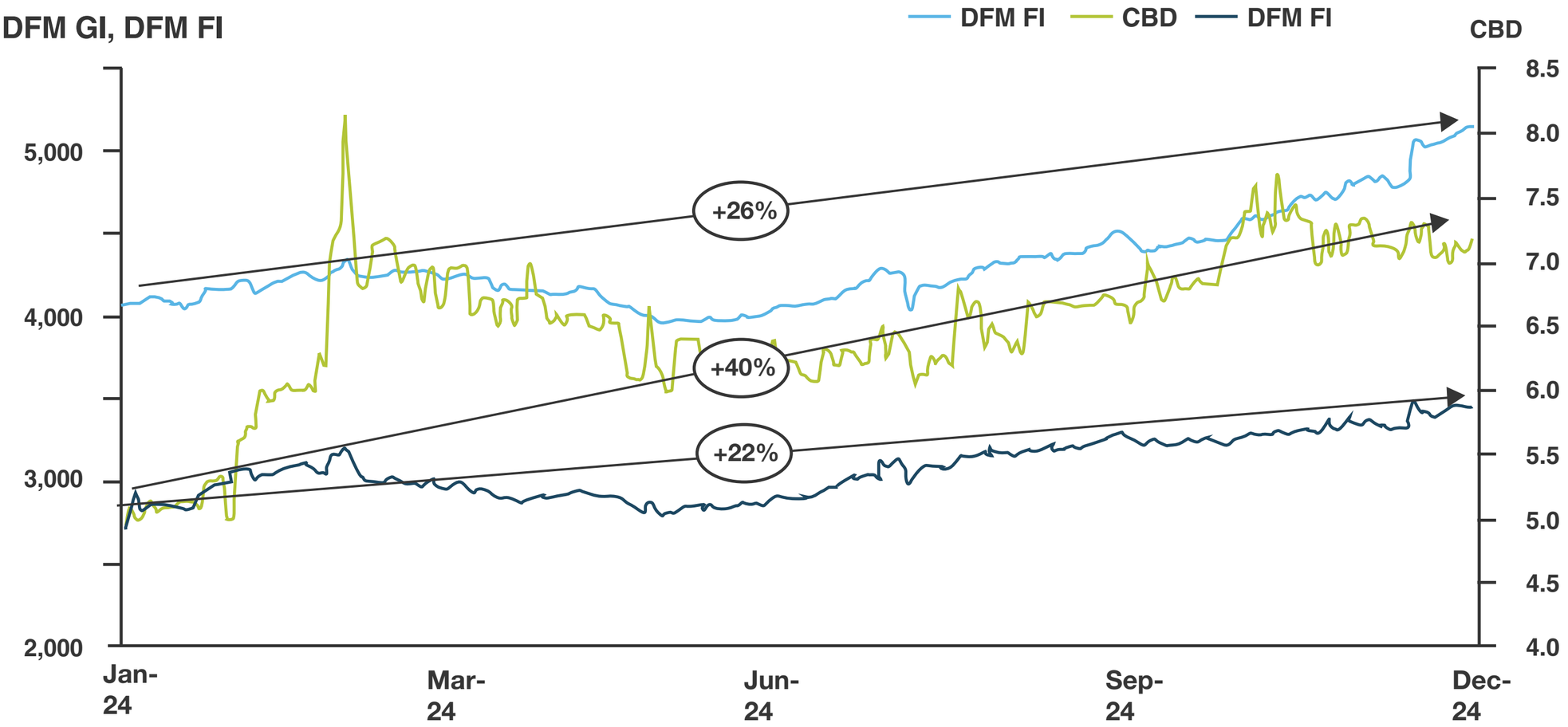
Stakeholders' Engagement

Share Price Performance and Comparative Analysis Against DFM General Index and DFM Financials Index

	CBD			DFM GI			DFM FI
Month	Closing	High	Low	Closing	High	Low	Closing
31-Jan-24	5.00	5.55	4.81	4,169.08	4,208.03	4,154.74	2,994.64
29-Feb-24	7.31	7.31	7.20	4,308.77	4,311.50	4,267.49	3,177.61
29-Mar-24	6.95	6.95	6.66	4,246.27	4,246.64	4,215.88	2,996.04
30-Apr-24	6.55	6.73	6.55	4,155.77	4,178.20	4,147.26	2,897.27
31-May-24	6.01	6.60	6.01	3,977.93	4,011.65	3,968.65	2,806.37
28-Jun-24	6.20	6.20	6.19	4,030.00	4,037.54	4,008.60	2,892.02
31-Jul-24	6.46	6.47	6.23	4,268.05	4,295.11	4,260.20	3,123.49
30-Aug-24	6.29	6.40	6.29	4,325.45	4,343.97	4,322.74	3,170.42
30-Sep-24	6.66	6.78	6.51	4,503.48	4,523.77	4,482.79	3,285.28
31-Oct-24	7.38	7.40	7.20	4,591.05	4,636.66	4,584.27	3,278.13
29-Nov-24	7.36	7.39	7.10	4,847.34	4,865.56	4,813.16	3,381.63
31-Dec-24	7.18	7.19	6.50	5,158.67	5,169.43	5,128.91	3,478.95

Stakeholders' Engagement

Comparative Stock Price Movement - CBD, DFM General Index and DFM Financials Index, 2024



Shareholder Ownership Structure

Shareholding Structure as of 31 December 2024

COMMERCIAL BANK OF DUBAI PSC

- GENERAL PUBLIC 39.6454%
- ORIENT INSURANCE PJSC 8.8397%
- AL FUTTAIM PRIVATE COMPANY LLC 17.4597%
- INVESTMENT CORPORATION OF DUBAI 20%
- GHOBASH TRADING & INVESTMENT COMPANY LLC 6.3706%
- ABDUL WAHED AL ROSTAMANI AWR GROUP LLC 7.6846%



Stakeholders' Engagement

Shareholder Distribution

The following table shows the distribution of ownership of CBD shares as at 31 December 2024:

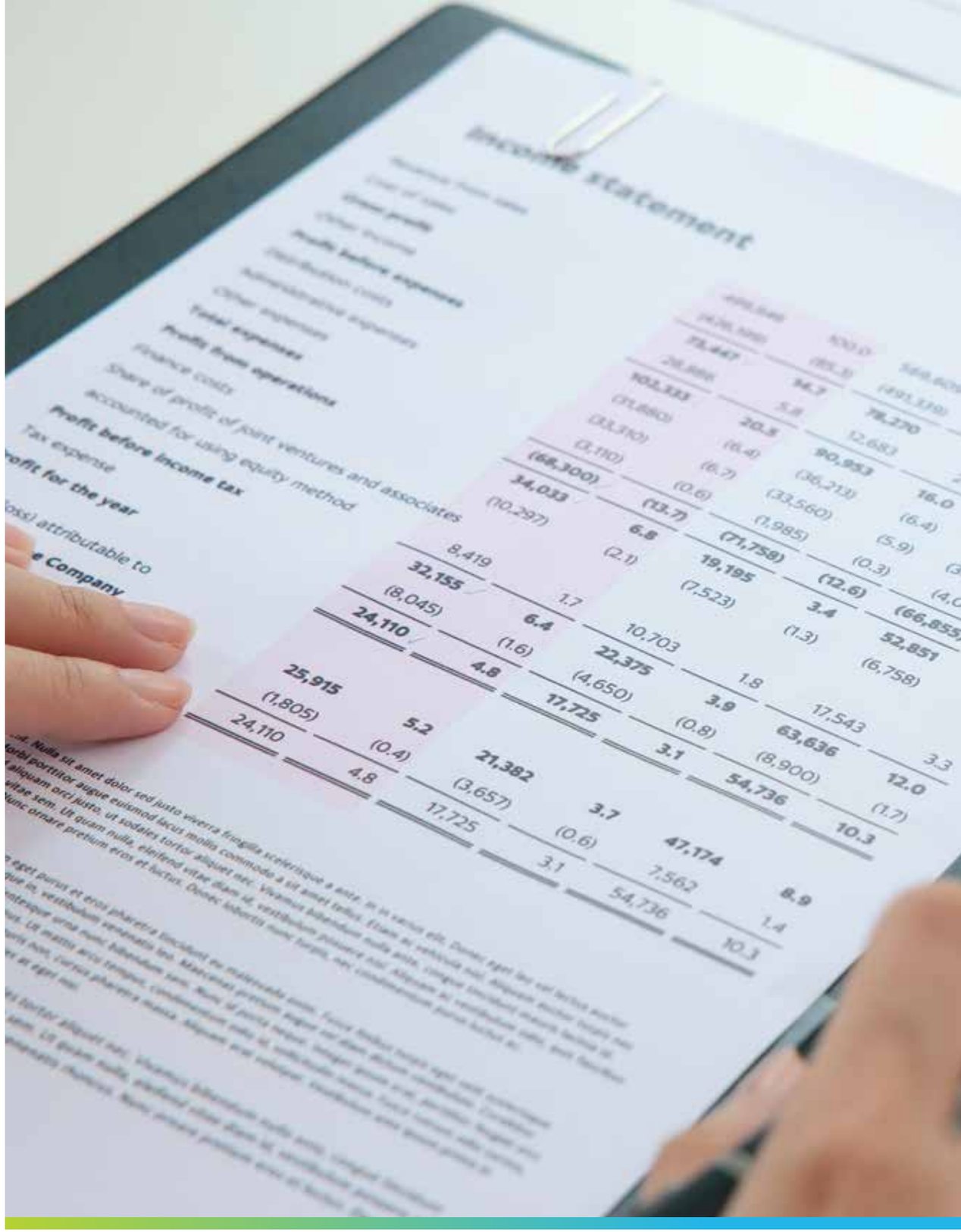
No.	Shareholder Classification	Percentage of Owned Shares			
		Individuals	Companies	Government	Total
1	Local	23.63%	56.174%	20%	99.8%
2	Arab	0.0216%	0.1%	0%	0.12%
3	Foreign	0.044%	0.033%	0%	0.08%
4	Total	23.7%	56.30%	20%	100%

The following are the shareholders owning 5% or more of CBD's capital as at 31 December 2024:

No.	Name	Number of Owned Shares	Percentage of Shares Owned in the Company's Capital
1	Investment Corporation of Dubai	597,038,390	20%
2	Abdul Wahed Al Rostamani AWR Group LLC	229,400,502	7.6846%
3	Orient Insurance PJSC	263,881,881	8.8397%
4	Al Futtaim Private Company LLC	521,205,123	17.4597%
5	Ghobash Trading & Investment Co LTD	190,173,829	6.3706%

Statement of shareholders' distribution according to volume of ownership as at 31 December 2024:

No.	Ownership of the Shares (share)	Number of Shareholders	Number of Owned Shares	Percentage of Shares Owned from the Capital
1	Less than 50,000	471	3,388,128	0.1111%
2	From 50,000 to less than 500,000	175	30,985,787	1.0376%
3	From 500,000 to less than 5,000,000	82	133,939,287	4.4866%
4	More than 5,000,000	45	2,816,878,747	94.3617%



Stakeholders' Engagement

Annual General Assembly Meetings

CBD's General Assembly provides shareholders and their representatives (via proxies) the opportunity to attend the meeting either in person or virtually. This includes the right to vote on resolutions in accordance with applicable regulatory requirements.

CBD held the following General Assembly meeting during 2024:

General Assembly Meeting
Annual General Assembly

Date
6 March 2024

Meeting Method
Hybrid (Physical and Virtual)

Main Resolutions
- 2024-2027 Board of Directors election
- Renewal of debt issuance programme
- Ordinary resolutions

Attendance
96.95%

The meeting resolutions are disclosed to the Dubai Financial Market, while the signed minutes of the assembly are sent to the Securities and Commodities Authority.



Stakeholders' Engagement

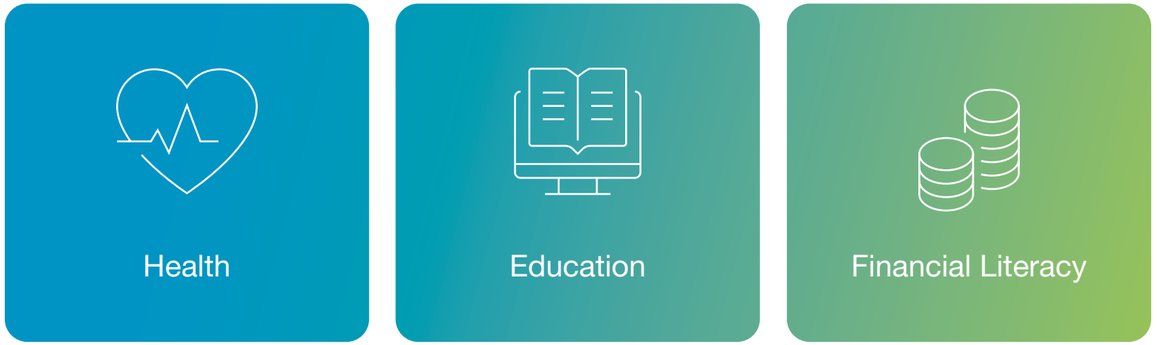
Corporate Social Responsibility

The Bank's perspective on organisational culture and employee engagement includes a Corporate Social Responsibility (CSR) policy aimed at raising awareness of social responsibility. Our CSR policy aims to raise social responsibility awareness and create sustainable value for society, customers, shareholders, and communities.

The Bank contributes to community development through its business activities and social responsibi¬lity strategy. This includes measures designed to promote education and culture, protect vulnerable groups, and establish firm and lasting bonds. The Bank takes into consideration the interests of its workforce, shareholders, financial community, regulatory bodies, customers, suppliers, media, society in general, and the environment.

The Bank conducts its business with the aim of sustainably creating value for customers, shareholders, community and society, It strives to provide a high-quality service through innovation and maintai¬n awareness of the opportunities offered by the knowledge economy.

Our core pillars for CSR are as follows:



The Board periodically reviews and revises these pillars.

CSR Actions in 2024

- CBD remains committed to its role in the community as a responsible corporate citizen, underpinned by our belief that businesses must operate ethically and with integrity. Our core pillars for CSR are unchanged, and we continue to identify areas where the bank can contribute to society in the fields of health, education, charity, and financial literacy.
- We joined Emirates Red Crescent in its community support programmes by contributing financially, and through volunteering.
- On the occasion of Zayed Humanitarian Day, which honours the legacy of the late President Sheikh Zayed, CBD donated to 18 charitable, educational, research, training, and rehabilitation centres for people of determination across the UAE.
- In an effort to embrace the spirit of giving during the holy month of Ramadan, and as part of our continued partnership with Beit Al Kahir Society, the CSR team organised a volunteering programme to distribute Iftar meal boxes, accumulating 280 volunteering hours. The initiative provided a great opportunity for CBD volunteers to experience the spirit of Ramadan and give back to the community. CBD was recognised and awarded by our partner Beit Al Khair Society for our continuous support. Additionally, the Dubai Club for People of Determination invited CBD to their Ramadan Festival closing ceremony, and was recognised and awarded by the club.
- The CBD Volunteering Club arranged several volunteering opportunities at the Dubai Club for People of Determination. These impactful sessions included supervising workshops as well as coaching and leading sessions. Over 40 volunteers participated, accumulating a total of 200 volunteering hours.
- CBD was engaged in various charitable activities and sponsorships, in line with the CSR framework. The Bank supported the involvement of its employees in such activities through volunteering programmes. The CBD Volunteers Club arranged several volunteering opportunities including an outing with Al Noor Training Centre, a visit to the Elderly Centre, and volunteering at Dubai Centre for Special Needs.
- Over 50 CBD employees and their families joined thousands of volunteers from all over the city, in the Lebanon Crisis campaign, a UAE initiative aimed at providing relief to those affected by the conflict.
- CBD continued its 28-year-old partnership with Jebel Ali Racecourse by sponsoring eight races in 2024 as part of supporting the UAE's cultural and sports heritage.
- The CBD Volunteering Team visited Al Jalila Children's Hospital, and handed out gifts to the young patients as part of community involvement.
- CBD Volunteers Club has achieved a total of 1,800 volunteering hours accomplished by 101 enthusiastic volunteers from different sectors of the Bank who participated in various successful events aimed at giving back to the community.



Stakeholders' Engagement

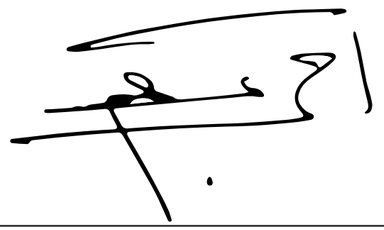
Environmental, Social and Governance

Sustainability is an important component of CBD's business strategy and long-term planning. During 2024, we continued the transformational changes required to ensure that CBD progressed its material sustainability initiatives. We prioritised those initiatives where we perceived the greatest environmental and societal impacts, with highlights listed below:

- We embedded sustainability within our strategy by assigning ESG KPIs to Executive Committee (EXCO) members and by redefining ESG and Climate Risk appetite statements.
- We took significant strides in improving our ESG disclosures and improved our ESG ratings across ESG ratings agencies.
- We joined the Partnership for Carbon Accounting Financials (PCAF) to support our measurement and disclosure of greenhouse gas (GHG) emissions.
- We issued our first Green Bond Allocation and Impact Report, which highlighted the full allocation of eligible green assets and avoidance of 101,778 tCO2e per year.
- We were awarded the "Best Financial Institution Green Bond in EMEA".
- We received four Leadership in Energy and Environmental Design (LEED) Gold certifications for our owned buildings in our core locations.
- We introduced recycled credit and debit cards to customers for new card issuances, as well as card replacements and renewals.
- We were awarded the Dubai Chamber's Centre for Responsible Business ESG Label, in recognition of our focus on the adoption of sustainable business practices.
- We co-authored a thought leadership report with PwC to highlight the importance of sustainability considerations in meeting the growing expectations of customers.
- We launched a "GreenGrowth Account" which enables our personal banking customers to grow their savings while we grow mangroves on their behalf.
- We completed energy audits for our primary buildings and selected a vendor to support us in installing solar panels across select buildings in 2025.
- We once again sponsored the Dubai Future Sustainability Forum hosted by the Dubai International Financial Centre (DIFC), taking a leading role in discussions shaping a sustainable tomorrow.

More details can be found in the CBD 2024 Sustainability Report.

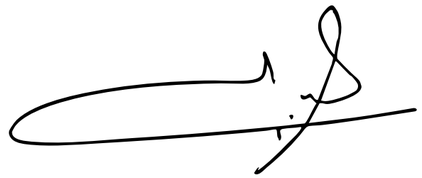
2024 CBD Governance Report was signed off by the Chairman, Chairman of the Board Audit Committee and the Chairman of the Board Remuneration, Nomination, and Governance Committee.



H.E. Ahmad Abdulkarim Julfar
Chairman



Sheikh Maktoum Bin Hasher Al Maktoum
Chairman of the Board Audit Committee

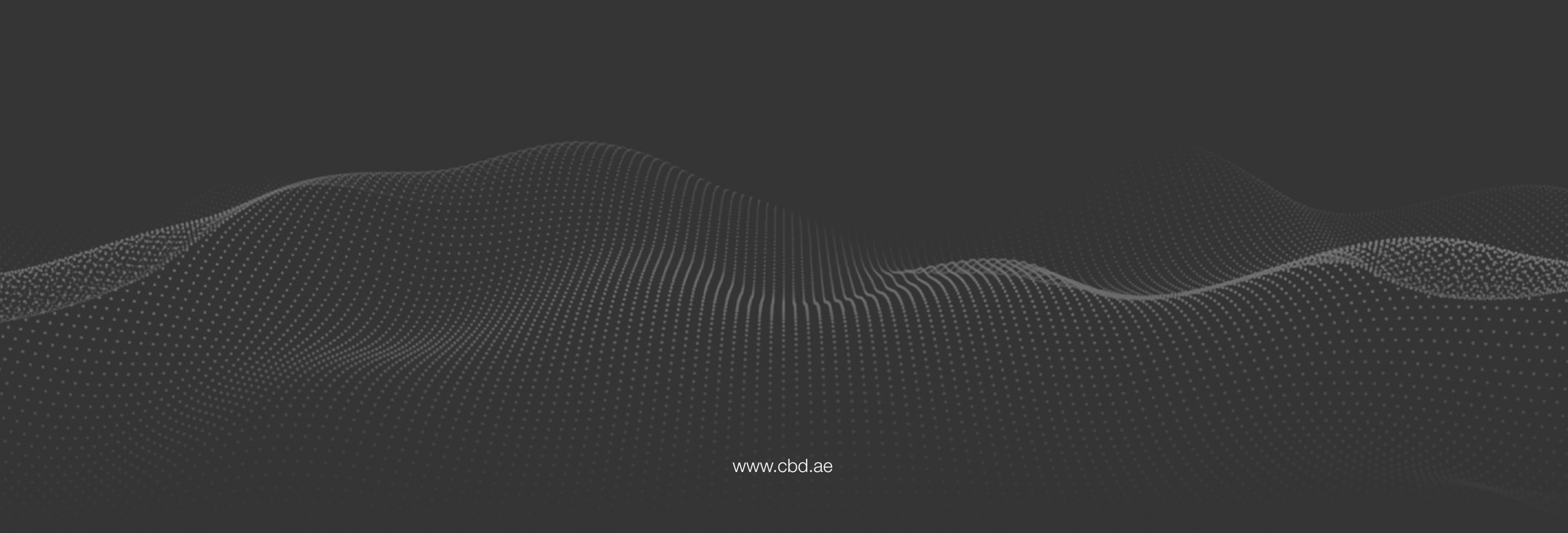


Dr. Abdulla Mohamed Al Karam
Chairman of the Board Remuneration, Nomination, and Governance Committee



بنك دبي التجاري
Commercial Bank of Dubai

BACKING THE NATION'S AMBITION



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