ANNUAL REPORT 2024

بنك أبوظبي الأول
FAB
First Abu Dhabi Bank

GLOBAL CONNECTIONS FOR SUSTAINABLE GROWTH

Use the menu buttons to navigate through the report

FAB Overview

Content

2024: A Year of Diversified Global Growth

With an extensive global network, unparalleled regional expertise, and solid financial strength, FAB has become a driving force in the region's economic growth.

The UAE's leading bank, a regional financial powerhouse and one of the strongest financial institutions globally

Total assets	UAE market share	Market capitalisation
	of total assets across the UAE banking sector	
AED 1.21 tn (USD 330 bn)	27% *source: CBUAE's latest available data, Oct 2024*	AED 152 bn (USD 41.3 bn)

Industry recognition

Ranked 3rd in the Middle East's 30 Most Valuable Banks **Forbes Middle East** **2024**	Best Equity Bank in the Middle East **Global Finance** **2024**	Best Bank for Transition/ Sustainability-Linked Loans in the Middle East **Global Finance** **2024**
Best Bank for ESG in the UAE **Euromoney** **2024**	Middle East Investment Bank of the Year **The Banker** **2024**	Best Sukuk House of the Year **Global Islamic Finance Awards** **2024**

FAB's diversified sources of income and international franchise are key competitive advantages that actively support the UAE's national, regional, and international growth ambitions.

Group revenue
by geography

- 77% UAE
- 23% International

Group revenue
by income source

- 62% Net interest income
- 38% Non-interest income

Sustainable shareholder returns

cumulative dividend payout (2021-2024)

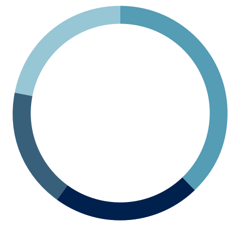
AED 27.2 bn (USD 7.4 bn)

average dividend payout (2021-2024)

47%

Diverse and strong shareholding structure

- 37.9% Mubadala Investment Company (MIC)
- 22.1% Foreigners
- 22.1% Other UAE entities/ individuals
- 18.0% Abu Dhabi Ruling Family



Top-ranked regional bank

Maintained top positions across IB league tables

#2 in MENA Loans (Deals closed); #5 in MENA DCM; #1 in MENA Green Loans; (Source: Bloomberg); #4 in MENA ECM (Source: LSEG)

Top 3 among largest constituents on the Abu Dhabi benchmark (FTSE ADX15)

Top 15 among largest MENA constituents on most widely tracked Global EM indices

Among the strongest and safest banks globally

Strongest combined credit rating among MENA banks

Aa3 / AA- / AA-

Moody's / Fitch / S&P (Outlook: stable)

The UAE's Global Bank

FAB's global footprint across 20 markets is a key enabler of cross-border liquidity, trade, and investment flows.

Global presence

Europe and the Americas

United States • Brazil • Switzerland • France • United Kingdom

Middle East and Africa

UAE • Saudi Arabia • Kuwait • Oman • Bahrain • Iraq • Egypt • Libya

Asia Pacific

India • China (Shanghai) • China (Hong Kong) • South Korea • Singapore • Malaysia (Labuan) • Indonesia

AED 7.2 billion
+32% yoy

International revenue

23%

Contribution to 2024 Group revenue (2023: 20%)

5
continents

20
markets

> 7,500
first-party employees from 95 nationalities

> 4 mn
total customers (including Ratibi)

63
conventional FAB branches in the UAE

8
Islamic branches in the UAE

15
digital branches in the UAE

397
ATMs/CDMs in the UAE

2024 Key Financial Highlights

In 2024, FAB continued to demonstrate financial strength and resilience.

Operating income	31.6 AED bn	(USD 8.6 bn) +15% yoy
Profit before tax	19.9 AED bn	(USD 5.4 bn) +13% yoy
Net profit	17.1 AED bn	(USD 4.6 bn) +4% yoy
Non-interest income	38%	as % operating income (2023: 34%)
Cost-to-income ratio	24.6%	(2023: 25.9%)
Cash dividend per share[1]	75 fils	(2023: 71 fils/share)
Return on tangible equity	16.8%	firmly aligned with >16% RoTE guidance
Loans, advances, and Islamic financing (net)	529 AED bn	(USD 144 bn) +9% yoy
Customer accounts and other deposits	782 AED bn	(USD 213 bn) +3% yoy
Liquidity coverage ratio	142%	December-end 2023: 145%
Basel III CET1 ratio	13.7%	(December-end 2023: 13.8%)

[1] Proposed 2024 dividend subject to shareholder's approval at the upcoming Annual General Meeting on March 11, 2025

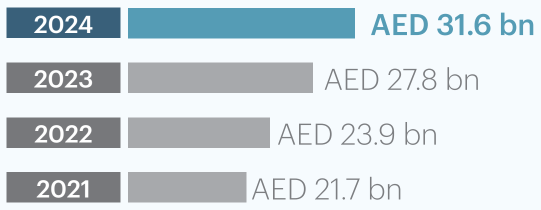
Several Consecutive Years of Expanded Scale, Enhanced Profitability

FAB's strong financial results were supported by consistent business momentum and growth.

Strong underlying performance

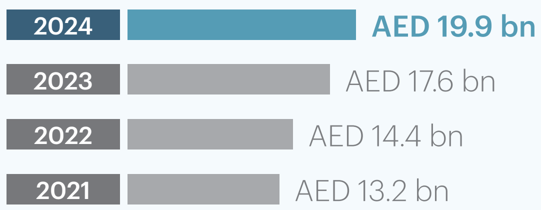
Group revenue

(2021-2024 CAGR: +13%)



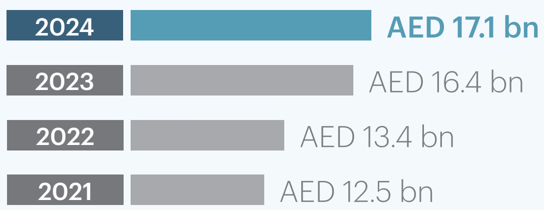
Profit before tax

(2021-2024 CAGR: +15%)



Net profit

(2021-2024 CAGR +11%)

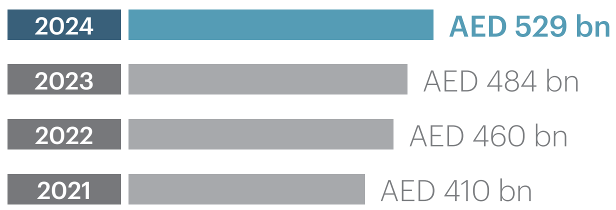


Total assets

(2021-2024 CAGR: +7%)

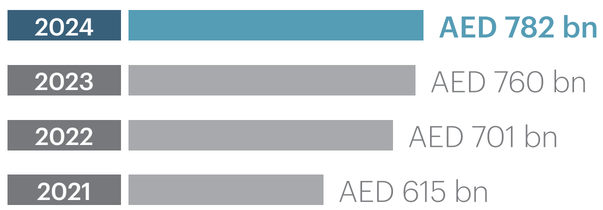
Loans, advances, and Islamic financing (net)

(2021-2024 CAGR: +9%)



Customer deposits

(2021-2024 CAGR: +8%)



Consistently strong returns underpinned by solid operating efficiency

Return on tangible equity

Cost-income ratio

Healthy asset quality metrics

NPL ratio

Provision coverage

Strong liquidity profile and solid capital position

Liquidity coverage ratio

Basel III CET 1 ratio

Powering the UAE Sustainability Agenda

FAB is strongly committed to sustainable growth across MENA by setting and achieving ambitious targets that address the most pressing global challenges.

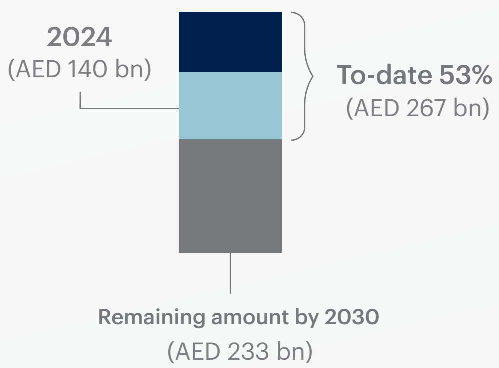
Largest sustainable finance target in the UAE and MENA

AED 500 bn

(USD 136 bn)

In sustainable financing by 2030, pledged in 2023

Progress towards FAB sustainable finance target



AED 15 bn

(USD 4 bn)

Projects financed by green bonds and green sukuk

AED 140 bn

(USD 38 bn, 51% growth yoy)

Facilitated in sustainable financing in 2024

Leader in MENA green bond and social bond issuance

AED 3.2 bn (USD 0.9 bn) issued in green and social format during 2024

A history of firsts

1st MENA bank to issue a green bond

1st MENA bank to publish a Task Force on Climate-Related Financial Disclosures report

1st GCC bank to have carbon trading capabilities

Largest sustainable finance target in MENA

1st UAE bank to publish a transition plan

1st MENA bank to be a signatory of Partnership for Carbon Accounting Financials

1st UAE bank to issue a social bond

Best ESG scored bank in the Middle East by Refinitiv

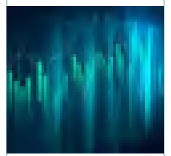
1st GCC bank to commit to net zero by 2050

AA MSCI ESG rating

FAB was recognised as the most sustainable company in the Middle East and Africa and among the World's 500 Most Sustainable Companies, according to TIME magazine and Statista

2024 Milestones

January



- FAB issues first global sukuk in 2024, a five-year USD 800 million sukuk priced at 85 basis points.

February

- FAB achieves record results with AED 16.4 billion net profit for 2023 and proposes a 50% payout, amounting to a total cash dividend of AED 7.8 billion.
- FAB releases 2024 Global Investment Outlook (GIO) Report: 'Making a positive impact.'
- FAB launches MENASSA (MENA Securities Services for Asset Managers), a new post-trade platform for MENA-based asset managers.

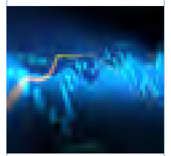
March

- FAB announces expansion and enhancement of its investment product and channel capabilities in the Kingdom of Saudi Arabia (KSA).

April

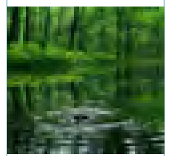
- FAB collaborates with Microsoft to launch an 'AI Innovation Hub' for financial services to foster collaboration in the key areas of innovation through AI, driving global growth, and shaping the future of financial markets ecosystems.

May



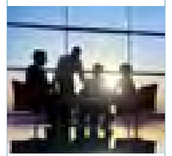
- FAB generates net profit of AED 4.2 billion and revenue of AED 8.0 billion for the first quarter of 2024, underlining the bank's consistent growth trajectory.
- FAB Securities appointed as the latest authorised participant for the Chimera Umbrella Fund by Lunate Capital LLC.
- Signing of strategic Memorandums of Understanding with Industrial and Commercial Bank of China.

June



- FAB is named the most sustainable company in the Middle East and Africa and among the World's 500 Most Sustainable Companies by TIME magazine and Statista.
- FAB delivers record results for the first half of 2024, with net profit of AED 8.4 billion and revenue of AED 15.7 billion.

July



- FAB partners with Visa to expand the Visa B2B Connect network in the region.

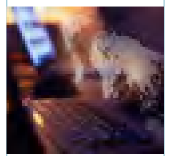
August

- FAB and Standard Chartered Bank worked with Etihad Rail to develop its sustainable finance framework.
- Hana Al Rostamani was ranked the highest female and #11 overall on Forbes Middle East's list of top 100 CEOs in the Middle East for 2024.

September

- FAB reports revenue of AED 23.9 billion and net profit of AED 12.9 billion for the nine months ended September 2024.
- FAB raises nearly USD 200 million in new assets under management through a new Fixed Maturity Portfolio, marking record subscription levels.
- FAB partners with financial technology firm Gilded to launch an innovative new physical gold product.

October

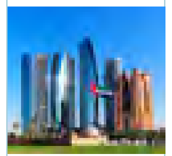


- Fitch Ratings reaffirmed FAB at 'AA-' with a Stable Outlook.
- FAB, Brookfield Asset Management, and other co-investors, finalised the acquisition of Dubai-based payments provider Network International.
- FAB completes its pilot testing using programmable payments through Onyx by J.P. Morgan, the firm's blockchain business unit.
- FAB collaborates with the Dubai Department of Economy and Tourism (DET) on the Dubai Unified License (DUL) to ease business in the UAE.

November

- FAB receives initial approval to make FAB End of Service Benefits Funds, a government alternative EOSB savings scheme, available to UAE-based companies.

December



- FAB partnered with Libre Capital to explore blockchain-powered collateralised lending for tokenised Real World Assets (RWAs).
- FAB chose global fintech leader Broadridge Financial Solutions to support the build-out of its global agency securities finance business. This collaboration marks a significant milestone in expanding securities finance within the UAE and the Middle East.
- Global Finance awarded FAB the highest honours in four categories in its 2025 World's Best Trade Finance Providers awards.

Our History

1968
- **The National Bank of Abu Dhabi (NBAD) is founded by a decree of the late Sheikh Zayed bin Sultan Al Nahyan**

1975
- NBAD Egypt branch opens

1976
- NBAD Oman branch opens

1977
- NBAD United Kingdom and Bahrain branches open

1979
- NBAD Paris branch opens
- First Gulf Bank (FGB) is established

1980
- NBAD Washington, DC branch opens

2000
- NBAD lists on the ADX

2007
- NBAD Switzerland Private Bank operations established
- FGB Singapore representative office opens

2008
- FGB Libya branch opens

2009
- FGB Qatar and India representative offices open
- NBAD ranks among the *World's Safest Banks* (Global Finance)

2012
- NBAD operations expand to Malaysia and Hong Kong
- NBAD China representative office opens

2013
- NBAD, FGB included in FTSE, MSCI emerging market indices

2014
- FGB South Korea representative office opens

2015
- NBAD becomes first UAE bank to be a signatory to the Equator Principles
- NBAD India branch opens

2016
- FGB and NBAD boards recommend merger to create largest bank in UAE

2017
- **First Abu Dhabi Bank (FAB) is formally created as the UAE's largest bank**
- FAB becomes highest- rated bank in MENA with an AA- credit rating from the three major global rating agencies
- FAB becomes first MENA bank to issue a green bond

2018
- More than AED 2 billion in cost synergies realised after integration

2019
- First FAB branch opens in Saudi Arabia

2020
- Indonesia representative office opens

2021
- Hana Al Rostamani appointed FAB Group CEO, first female of any listed entity in the GCC
- Magnati, FAB's payments business, is established as a subsidiary
- FAB becomes first UAE and GCC bank to join the Net-Zero Banking Alliance (NZBA), committing to net zero carbon emissions by 2050
- Total assets exceed AED 1 trillion

2022
- FAB China branch opens
- FAB sells 60% stake in Magnati to Brookfield Business Partners
- FAB becomes first GCC bank to join the Partnership for Carbon Accounting Financials
- Egyptian operations rebrand as FABMISR following FAB Egypt and Bank Audi Egypt merger
- FAB Iraq representative office opens

2023
- FAB supports COP28 as strategic pathway partner
- FAB commits to AED 500 billion (USD 136 billion) sustainable finance target by 2030
- FAB issues USD 1 billion Tier 2 bond, largest from a UAE bank
- FAB and Magnati form strategic alliance with Geidea, KSA's leading fintech company
- FAB Carbon Desk launches to accelerate MENA carbon trading market

2024
- **FAB receives regulatory approval to expand offering in Saudi Arabia**
- **FAB becomes the only company in the MEA region included in TIME's 'World's 500 Most Sustainable Companies' list**
- **FAB partners with Microsoft to launch 'AI Innovation Hub' for financial services**
- **FAB, alongside Brookfield and other co-investors, completed the acquisition of 100% of Network International**

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Strategic Review

Content

"Fuelled by the UAE's economic growth, **FAB delivered strong results in 2024**, supported by record business volumes, successful diversification and innovation."

Chairman's Statement

Strengthening our role as the UAE's global bank.

First Abu Dhabi Bank's performance in 2024 cements consecutive years of expanded scale and improved profitability, demonstrating steady progress against our Group strategy as the UAE's global bank. In marking this significant milestone in FAB's journey, we underscore our unwavering commitment to execute a forward-thinking strategy aimed at expanding capabilities and driving sustainable growth. This progress was achieved despite ongoing global economic and political challenges.

The bank's strong performance reflects also the resilience of the national economy and the UAE's position as a leading global financial hub. This success stems from the President of the UAE, His Highness Sheikh Mohamed bin Zayed Al Nahyan, visionary leadership and strategic directives to expand economic opportunities, foster global partnerships and strengthen key market ties, driving growth and development across various sectors.

Fuelled by the UAE's economic growth, FAB delivered strong results in 2024, supported by record business volumes, successful diversification and innovation. The bank's achievements solidified the nation's standing as a premier financial and business hub, and delivered on our leadership's vision for an open, efficient, and globally integrated business environment.

FAB has played to its unique strengths at home to extend its position as the undisputed market leader in the UAE, while leveraging the competitive advantage of an international franchise that connects clients to the vast majority of the UAE's trade flows. Being the bank best able to support the bold growth and investment plans of an ambitious country has transformed FAB from a domestic giant into a global financial powerhouse.

FAB today is an international bank with one of the world's strongest credit ratings, providing high rates of return to investors, a source of capital markets expertise for clients that places it at the highest levels of coveted regional league table rankings, and a supplier of transaction banking capabilities that make it a partner of choice for corporates and investors all around the world searching for a gateway to the Middle East's growth opportunities.

Looking ahead, FAB will remain vital to driving the UAE leadership's future vision, fostering sustainable growth and innovation, and connecting local, regional, and international economies within a world-class financial ecosystem. The Bank will leverage modern technologies, particularly artificial intelligence, to enhance its capability for proactive financial data analysis and delivery of intelligent, innovative services tailored to customers across all segments. This approach will drive operational efficiency and strengthen FAB's competitiveness in both local and global markets.

I would like to take this opportunity, on behalf of FAB's Board of Directors, to express my gratitude to the President of the United Arab Emirates, His Highness Sheikh Mohammed bin Zayed Al Nahyan, for his visionary leadership and support, as well as to His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President, Prime Minister and Ruler of Dubai, His Highness Sheikh Mansour bin Zayed Al Nahyan, Vice President, Deputy Prime Minister, Chairman of the Presidential Court and Chairman of the Central Bank of the United Arab Emirates, and Their Highnesses the Rulers of the Emirates and Members of the Supreme Council, and His Highness Sheikh Khaled bin Mohamed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi, and Chairman of the Executive Council of Abu Dhabi for their continuous support.

I also extend my sincere appreciation to our clients, shareholders, partners, regulators, public policy institutions and all those who have contributed to the Group's success and ongoing achievements.

My final words of thanks for 2024 are offered in recognition of the hard work and dedication of our Board, our management, and our global workforce for their continued efforts to achieve FAB's strategic goals.

Sheikh Tahnoon bin Zayed Al Nahyan
Chairman

"Our region continues to grow and expand and **the opportunities to link the UAE and the Middle East with the rest of the world are immense**. As the UAE's global bank, FAB's strategy is designed to help clients maximise those opportunities."

Group Chief Executive Officer's Statement

FAB's ability to unlock long-term shareholder value through diversification is reflected across our franchise.

Total assets	Return on tangible equity	Group net profit	Cash dividend per share [1]
AED 1.21 tn	16.8%	AED 17.1 bn	75 fils (2023: 71 fils)

[1] Proposed 2024 dividend subject to shareholder's approval at the upcoming Annual General Meeting on March 11, 2025

2024 was a strong year for First Abu Dhabi Bank (FAB). We achieved a net profit of AED 17.1 billion, driven by a 15% increase in revenue to AED 31.6 billion, and continued to deliver greater value to our clients in line with our strategic goals as the UAE's global bank.

Our strategy produced robust results in the UAE, our thriving home market and the foundation of our growth, while powering the expansion of FAB's international franchise, as we diversified growth across customer segments and sources of income and grew international revenue by 32%.

FAB's balance sheet strength is a cornerstone of our success. Our solid capital and liquidity positions and disciplined risk management form the foundation of our ability to deliver resilient and sustainable growth.

Following through our strategic growth plans, FAB has delivered successive years of increased profitability and accelerated the growth momentum required to meet our ambitious target of a Return on Tangible Equity (RoTE) of more than 16% over the medium term, achieving a RoTE of 16.8 %. The strength of that performance underpins our recommended cash dividend of 75 fils per share equivalent to 51% of group net profit available for distribution.

By supporting our wholesale banking customers, we grew revenues in Investment Banking by 19% year on year while maintaining top rankings across key MENA IB league tables. FAB's Global Markets platform continued expanding thanks to a sophisticated offering, while our Corporate and Commercial banking business also contributed to the Group's business diversification.

Increasing our activity with personal banking and wealth management customers has delivered similarly strong outcomes. In Consumer Banking, FAB's net promoter score continued improving across key channels, a highly relevant product offering for the retail market. Our Private Banking franchise has continued showing great momentum, underpinned by cutting-edge technology and a unique network.

We have also made clear progress on ESG, facilitating AED 267 billion of sustainable and transition financing projects to-date, which represents over half of the Group's 2030 target of AED 500 billion. We have made further strides towards our carbon emission reduction targets and became the first bank in the region to publish a TNFD report recognising our responsibility to support a nature-positive future by aligning financial practices with environmental resilience.

Our continued commitment to strategic partnerships, innovation, and talent have also contributed to the strength of our performance in 2024. Overall digital customer penetration continues to improve, particularly in the Consumer and SME business segments. We also provided more than AED 4.3 billion in new financing to SME customers in FY'24, supporting the entrepreneurial ambition that infuses the UAE.

Our region continues to grow and expand and the opportunities to link the UAE and the Middle East with the rest of the world are immense. As the UAE's global bank, FAB's strategy is designed to help clients maximise those opportunities. We will continue to invest in technology, Artificial Intelligence, and innovation to enhance services, drive efficiencies and grow our competitive edge. In doing so, we will continue to consistently deliver strong, sustainable shareholder returns.

Hana Al Rostamani
Group Chief Executive Officer

“FAB delivered another solid performance in 2024, fuelled by continued business momentum, an unwavering focus on diversification, disciplined cost and risk management, and a robust balance sheet.”

Group Chief Financial Officer's Review

The Group enters 2025 on a strong footing, with an expanded global franchise, an increasingly diversified business platform, and unprecedented scale.

FAB delivered a strong underlying operating performance in 2024, marking several consecutive years of increased profitability. The Group continued to benefit from its unique position as the UAE's global bank while developing its international franchise at pace, thereby supporting the diversification of our business mix. Thanks to this robust trajectory, **we remain on track with our commitment to deliver a Return on Tangible Equity (RoTE) above 16% over the medium term.**

Driving sustainable growth and diversification across the franchise

In 2024, Group profit before tax reached AED 19.9 billion, marking an increase of 13% compared to 2023, while net profit after tax rose 4% yoy to AED 17.1 billion after absorbing the impact of the UAE corporate tax introduced on the 1st of January 2024. This represented an RoTE of 16.8% firmly aligned with our guidance of above 16%.

Operating income grew 15% yoy to AED 31.6 billion, driven by strong business volumes, improved margins, and continued diversified growth across businesses, geographies, and sources of income:

- Net interest income reached AED 19.6 billion, up 8% yoy, supported by solid business volumes. Net interest margin (NIM) was 1.93%, improving 13 basis points (bps) from 1.80% in 2023. NIM expansion was a standout achievement throughout 2024, demonstrating strong resilience despite the impact of higher cash reserve requirements and the onset of the global rate-cutting cycle later in the year.
- Non-interest income grew by 29% year-on-year to AED 12.0 billion, driven by sustained growth in fee-based products, record client activity, and strong sales and trading performance in Global Markets. Non-interest income contributed 38% to Group revenue, up from 34% in 2023, demonstrating the ability of our platform to generate diversified sources of income.

Operating expenses reached AED 7.8 billion, reflecting a 9% yoy increase as we continued to invest in talent, technology, and AI-driven initiatives. The cost-to-income ratio improved to 24.6%, marking a historic low for the Group and underscoring our relentless focus on driving operational efficiencies.

Net impairment charges were AED 3.9 billion, up 27% yoy, supporting strong provisioning levels.

Cost of risk in 2024 was 75 bps, compared to 63 bps in the prior year.

The Group's financial performance was supported by sustained momentum across all businesses:

- Continued momentum in wholesale banking services. Investment Banking revenue grew 19% yoy driven by strong deal pipeline execution, as reflected in top-tier rankings across key MENA IB league tables. Global Markets also lifted revenue by 18%, helped by record client activity and enhanced cross-sell. Corporate and Commercial Banking saw a continued rise in loans, deposits, and revenue, helped by a number of key technology innovations including the launch of the Commercial Banking Service Accelerator, empowering SME clients to access essential account services digitally.
- Retail banking momentum accelerated, with a 20% rise in new-to-bank customers, while lending and deposits grew 15% and 17% respectively, with a significant growth in CASA balances. Continued enhancement of the Private Banking offering and new mandates resulted in 75% yoy growth in assets under management. Consumer Banking and Private Banking revenue grew 18% and 15% yoy respectively.

Both domestic and international franchises delivered double-digit revenue growth of 11% and 32% respectively, as we continued to strengthen and build new relationships across key economic corridors. The international franchise is now contributing 23% to group revenue, up from 20% in 2023 and 18% in 2021, highlighting progress in diversification efforts as we expand our footprint across key markets.

Robust balance sheet fundamentals across asset quality, liquidity, and capital

Throughout 2024, FAB continued to demonstrate strong balance sheet fundamentals, providing the Group with a solid foundation to pursue its growth journey and deliver sustainable shareholder returns.

Total assets grew 4% yoy to AED 1.21 trillion (USD 330 billion), driven by broad-based franchise growth.

Loans, advances, and Islamic financing were up 9% yoy to AED 529 billion, reflecting market share gains across key segments, sectors, and geographies. This included good progress in Islamic banking, with a 9% yoy increase in financing.

The Group also maintained solid asset quality metrics along with a prudent approach to risk. Non-performing loans (NPLs) were AED 18.5 billion as of the end of December 2024, implying a Group NPL ratio of 3.4%, compared to 3.9% as of December-end 2023. Provision coverage was adequate at 96%, well above our 2024 guidance of over 90%.

Customer deposits were up 3% yoy to AED 782 billion, driven by diversified growth across geographies and divisions with a continued focus on optimising the funding mix. CASA balances were AED 360 billion representing 46% of deposits. International deposits rose 15% yoy, reflecting FAB's role as an aggregator of regional and international liquidity, and leveraging the group's strong AA- credit rating.

FAB continued to present a robust liquidity profile, with December-end 2024 LCR at 142%, comfortably above the Basel III minimum regulatory requirement of 100%.

The Group also exhibited a solid credit profile throughout 2024. With a credit rating of AA- or equivalent, with a stable outlook, FAB continues to showcase the strongest combined credit rating of any other bank in MENA and one of the strongest globally.

In 2024, FAB strengthened its funding and capital position by raising AED 14.5 billion (USD 4.0 billion equivalent) in senior wholesale funding at competitive pricing, including AED 3.2 billion (USD 882 million equivalent) in green and social formats.

Total shareholders' equity rose 4% yoy to AED 131 billion in 2024, driven by earnings growth. The Group's capital position remained solid, with the Basel III Common Equity Tier 1 (CET1) ratio at 13.7%, from 13.8% at December-end 2023. FAB's capital position was further strengthened with a Tier 2 bond issuance of USD 750 million in July 2024, which achieved the tightest ever pricing for an issuance of that type from a MENA bank. As a result, capital adequacy and Tier 1 capital ratios were at 17.5% and 15.4% in 2024 respectively, compared to 17.4% and 15.7% as of December-end 2023.

"With a credit rating of AA- or equivalent, with a stable outlook, **FAB continues to showcase the strongest combined credit rating of any other bank in MENA** and one of the strongest globally."

Operating performance

Selected P&L items (AED mn)	FY'24	FY'23	yoy %
Net interest income	19,612	18,139	8
Non-interest income	12,013	9,332	29
Operating income	31,625	27,471	15
Gain on sale of stake in subsidiary	-	284	na
Total Income	31,625	27,755	14
Operating expenses	-7,787	-7,125	9
Net impairment charge	-3,924	-3,078	27
Profit before tax	19,914	17,552	13
Non-controlling interests and taxes	-2,859	-1,146	149
Net Profit	17,055	16,405	4
Basic Earnings per Share (AED)	1.48	1.43	3

Entering 2025 on a strong footing

The UAE's resilient economy remains on a strong growth trajectory fueled by the sustained expansion of non-oil sectors, reinforcing its position as a dynamic global hub. Real GDP growth for the UAE in 2025 is expected to accelerate to 5.6%, the fastest pace in three years, from around 4.5% in 2024. These factors represent solid tailwinds building our confidence in the positive operating environment.

We are confident that the successful execution of our strategy, combined with the Group's robust balance sheet fundamentals, diversified business, and resilient NIM profile will deliver sustainable value creation for our shareholders.

FAB's unique role as the UAE's global bank, the region's financial powerhouse, and a key force behind the expansion of international trade corridors provides us with a remarkable opportunity to drive future growth, and deliver our return targets.

Market Overview

The GCC macro landscape is once again expected to be a picture of economic resilience and growth outperformance.

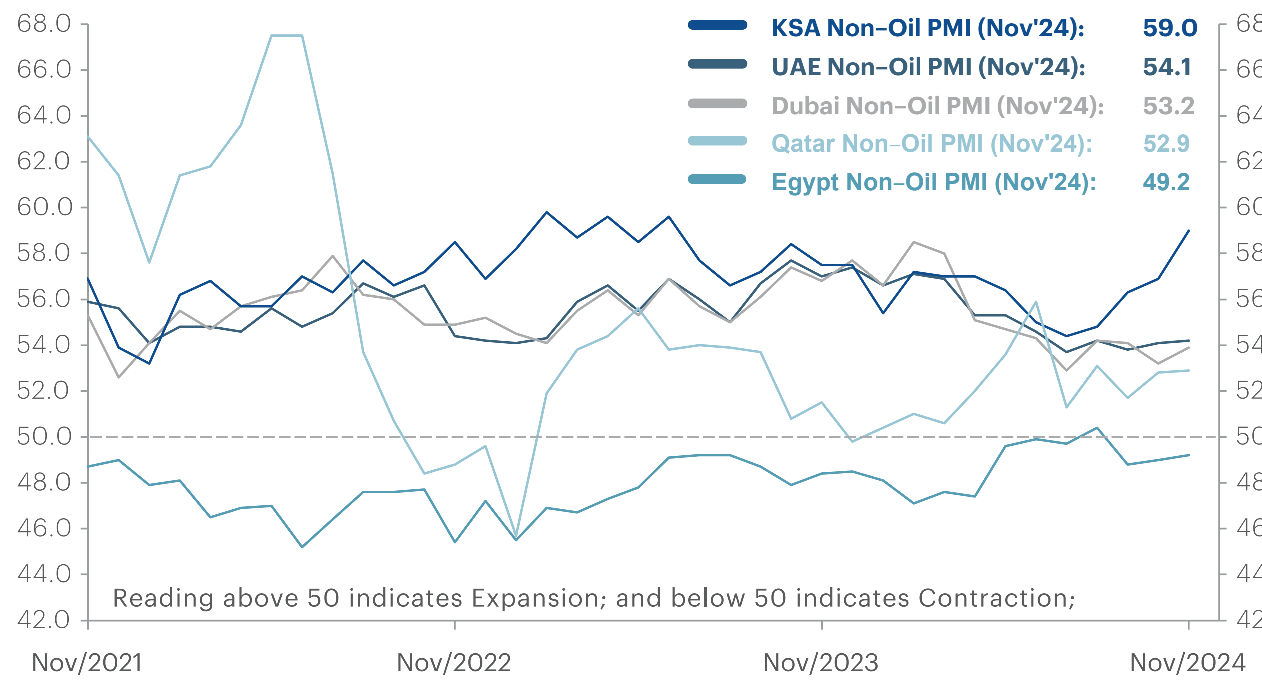
While the economies of the US, Europe, and China will face a myriad of monetary and fiscal challenges over the course of 2025, the GCC macro landscape is again expected to be a picture of economic resilience and growth outperformance. We expect GDP growth to double from 2.1% in the past year to 4.2% in 2025.

Such a rebound will be founded on another year of solid economic diversification, resilient economic activity, and growth performance by the non-oil sectors of the economy.

This is evident in the region's Purchasing Managers Indexes (PMIs). With '50' on the indices representing the breakeven between economic contraction (<50) and economic expansion (>50), most of the GCC region's country PMIs have now been in 50+ territory since late 2020.

These readings underscore the robust nature of domestic activity, consumption, and private investment. The PMIs also reflect the depth and ongoing success of economic diversification strategies across the region, encapsulating key sectors such as tech, healthcare, education, tourism, finance, renewable energy, and artificial intelligence (AI).

An oasis of value



Source: Bloomberg/FAB

GCC macro/rates

In November 2024, Moody's upgraded its sovereign credit rating for Saudi Arabia — and associated government-related entities — to Aa3 from A1. At the same time, the rating outlook was revised to stable from positive, indicating balanced risks to the new, higher rating.

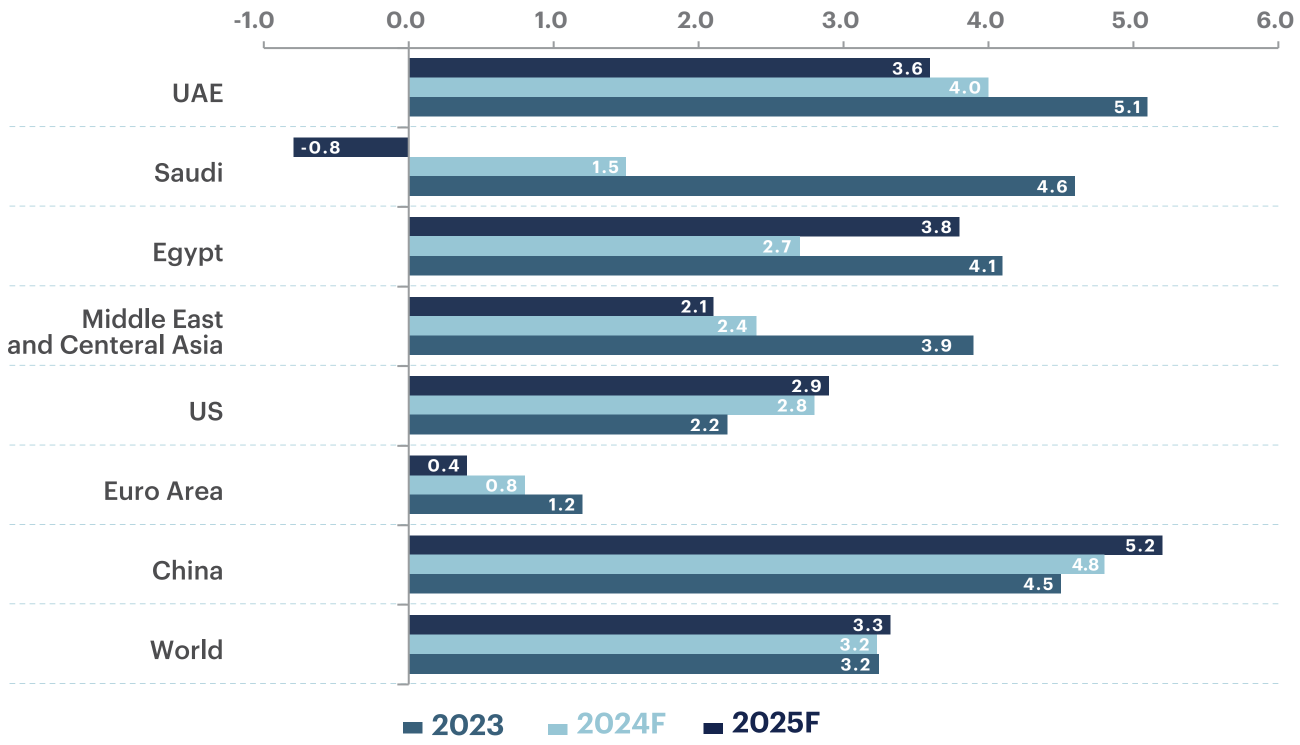
According to Moody's, the upgrade reflected the success of the country's economic diversification efforts and the reduction in Saudi Arabia's exposure to oil market developments and long-term carbon transition. Moreover, the new Aa3 rating was also based on the expectation that Saudi Arabia's diversification momentum will be sustained going forward.

The relative allure of the GCC region is perhaps no better highlighted than by comparison with the eurozone manufacturing PMI, which continues to languish below 50. This maturing picture across the GCC's non-oil economy, coupled with an anticipated easing of OPEC+ oil production quotas over the coming months, should help to bolster the economic outlook and outsized growth potential for the region during the 2025 financial year.

As for the UAE, the Central Bank (CBUAE), expects the country's strong foreign trade performance in 2024 to continue in 2025. We forecast a further pickup in the pace of economic expansion to 5.6% in 2025, with the CBUAE hopeful for growth of up to 6.2%.

UAE to become one of the fastest growing economies

IMF real GDP growth rate (%)



From a rates perspective across the GCC territories, we expect sovereign interest rates to move (lower) in line with US interest rates over the coming quarters. This, of course, will be a consequence of the US dollar-pegged currencies, and we see no threat to the pegs over the foreseeable time frame. With the Fed now seen leaving the Fed funds rate target on hold until perhaps March, followed by modest easing thereafter, we expect GCC rates to move in a similar direction and to a similar magnitude this year. Like the Fed, this would mean no more than an aggregate of 1.25% of easing — five 25 basis points rate reductions — over the coming 24 months.

GCC equities outlook

Financial

Finance remains a key sector in the GCC, with our primary focus on banks that possess the scale or unrivalled advantage to drive future growth. As the industry evolves, we favour institutions that maintain a balanced mix of interest and fee income, offer sustainable dividend payouts and a strong commitment to investing in future growth and technological innovation.

Real estate

The region, and the UAE in particular, benefited from the recovery of the hospitality sector and the introduction of long-term visa programmes. The UAE real estate market has witnessed a strong recovery in rentals and increased demand for new units, supported by ample liquidity and improved sentiment. We favour companies with a high proportion of recurring income and exposure to the cyclical upturn in UAE real estate markets. In Kuwait, real estate offers potential upside if mortgage reforms are approved, while Saudi Arabia is expected to see more sustainable demand in the sector following a period of rapid growth driven by earlier mortgage reforms.

Consumer and discretionary retail

Companies that prioritise adapting to evolving shopping habits and emphasise sustainability are poised for growth. E-commerce platforms and brands focused on ethical and sustainable practices will resonate with a growing base of conscious consumers, particularly those embracing digital sales strategies. Rising consumer spending power, combined with an increasing global youth workforce, has further bolstered the sector's prospects.

Technology

The technology sector in the GCC is emerging as a high-potential area, which is experiencing rapid earnings growth, fuelled by government initiatives in digitalisation, IT services, data centres, cybersecurity, and cloud computing. Globally, technology trades at much higher multiples due to strong growth prospects, and we see some similarities in newly-listed GCC technology names reflecting this trend.

Petrochemicals

Our underweight positioning in the petrochemical sector remains, as product pricing shows early signs of stabilisation, however demand recovery – particularly in China –remains subdued due to ongoing macroeconomic challenges. We expect more prominent signs of recovery to emerge in the second half of 2025.

Others

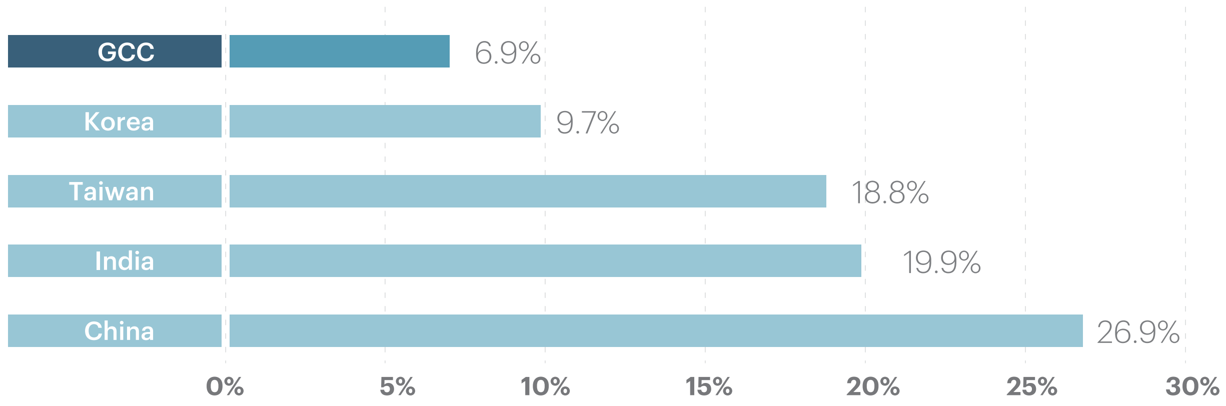
Our exposure to other sectors remains stock-specific, targeting companies with higher pricing power or those gaining market share through e-commerce or consolidation. We see particular potential in the Saudi insurance and healthcare sectors, driven by attractive earnings growth tied to ongoing reforms, increased tourism, and the privatisation of medical insurance.

Expected returns and outlook for 2025

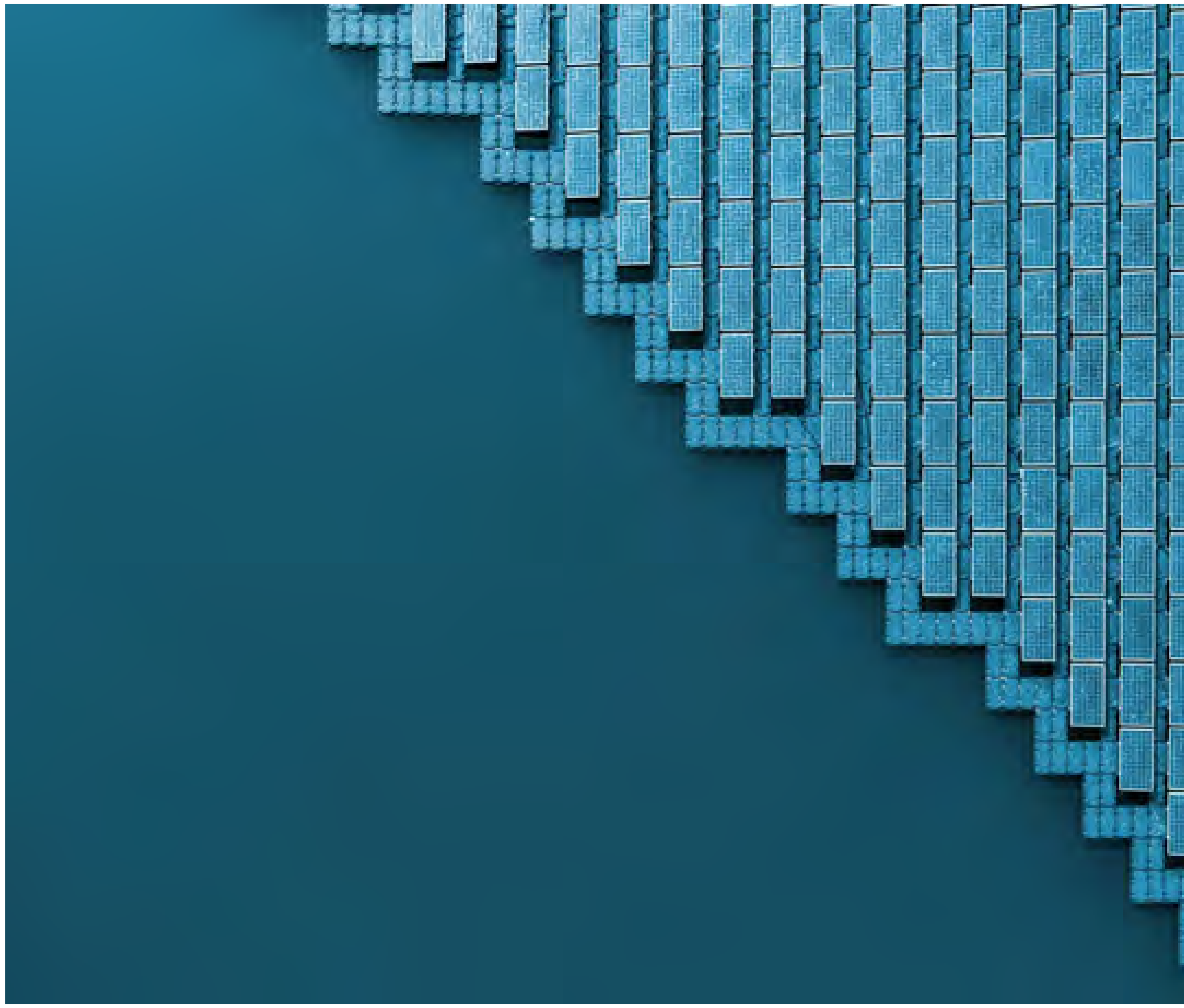
In 2025, we expect returns between 12 to 13% from the GCC market, supported by recovery across major sectors such as petrochemicals, alongside enhanced financial and geopolitical stability. Based on our expected earnings growth of 11.1% in 2025, and assuming a P/E multiple of around 15.18x, in addition to a re-rating estimate of 1% to 2%, we expect double digit returns of around 12% - 13% in 2025E including dividends. As we approach the dividend season in Q1 2025, many stocks are offering attractive yields, particularly in a declining interest rate environment.

> "Fuelled by economic diversification, enhanced regulatory frameworks, and robust growth prospects, GCC markets are expected to present a myriad of investment opportunities in the months to come."

Weight of GCC in the MSCI EM index



Source: SPDR MSCI EM ETF Factsheet December 2024



The GCC asset management landscape

Countries in the GCC have recognised the importance of diversifying their economies and enhancing their financial sectors, particularly when it comes to the asset management sector. As we look ahead, several key trends and factors will continue to shape the future evolution of this industry, regionally and globally.

Sector growth

PwC projects that the GCC's total onshore assets under management (AUM) will reach USD 500 billion by the end of 2026 — up from USD 400 billion at the end of 2022 — with continued growth observed in 2024. Local institutional investors and sovereign wealth funds are playing a pivotal role in shaping the evolution of the sector, as investment opportunities attract an increasingly sophisticated base of market participants looking beyond traditional bank offerings.

Historically, a handful of firms have dominated the GCC asset management landscape. However, in recent years, the region's growing wealth has drawn increasing interest from local and international asset managers looking to tap into this lucrative market. In response, regulators are adopting a more proactive approach to facilitate access to regional markets. Authorities, such as the Securities and Commodities Authority (SCA) in the UAE and the Capital Market Authority (CMA) in Saudi Arabia, are enhancing market conditions to attract both local and foreign asset managers, fostering a more competitive and dynamic investment ecosystem.

USD 500 bn

total onshore AUM in the GCC by 2026

The UAE end of service benefits scheme

The UAE's Ministry of Human Resources and Emiratisation (MoHRE) and the SCA have begun to implement an alternative end of service benefits scheme for private sector employees. This voluntary scheme gives employees an opportunity to grow their end of service benefits by investing contributions in established investment funds with strong track records. Introducing end of service benefits programmes provides many opportunities to licensed asset managers in the UAE.

Growth and expansion of financial centres in the UAE

Various projects are underway to boost the development of financial centres such as the Abu Dhabi Global Market's (ADGM) move to slash fees for commercial licences by 50% in 2025. The ADGM also plans to expand to Al Reem Island, offering relocation support for businesses. The Dubai International Financial Centre (DIFC) has added nearly 1.5 million m^2 of commercial space over the past three years. This expansion reflects ambitious growth objectives and a commitment to offering more comprehensive financial services. The DIFC excels in financial advisory, banking, and wealth management, while the ADGM is positioning itself as a hub for virtual asset service providers and sustainable finance. AUM in the DIFC rose by 58% from USD 444 billion to USD 700 billion, while the ADGM reported a 215% increase.

Leading global asset managers have also established a presence in the UAE and are on an expansion spree, including BlackRock (USD 11.5 trillion in AUM), PGIM (USD 1.33 trillion in AUM), and Nuveen (USD 1.2 trillion in AUM).

Global integration and competition

As seen in recent years, geopolitical tensions and fluctuations in oil prices affect economic stability and investor sentiment. As a result, the region continues its efforts towards economic diversification, which aligns with national visions such as the UAE Vision 2031 and Saudi Arabia's Vision 2030. These initiatives aim to reduce dependence on oil revenues, resulting in increased investment in sectors such as technology, renewable energy, tourism, and healthcare. Promoting these sectors offers unprecedented opportunities for asset managers to develop innovative products and services tailored to market demands.

> "The GCC has the potential to become a formidable player in the global asset management arena."

Technological advances

Technology is expected to play a significant role in shaping the GCC asset management industry. The onset of fintech innovations, including digital platforms, robo-advisors, AI, and big data, is revolutionising the investment landscape. Thanks to these advancements, the number of individual investors is increasing and gaining greater access to more investment options, signalling a move to a more democratised investment landscape. We expect GCC asset management firms to adopt these technological advancements to improve efficiency, lower costs, and enhance the customer experience.

Evolving investor preferences

As millennials and Gen Zs inherit wealth, the asset management industry must adapt to changing investor preferences, such as prioritising ethical investing, sustainability, and corporate social responsibility. In 2025, the demand for environmental, social, and governance (ESG) investments in the GCC is expected to surge, emphasising the importance of integrating responsible investment strategies into asset management practices. In addition, enhancing financial literacy and awareness about investment products will empower younger investors.

The Market Overview is an excerpt from FAB's Global Investment Outlook Report 2025.

Business Model

FAB's diversified franchise empowers institutional, corporate, and individual clients to unlock their potential and maximise opportunities across key economic and trade corridors.

How we create value

Investment Banking (IB)

- Full range of banking services for institutional clients: governments, government-related entities (GREs), sovereign wealth funds (SWFs), financial institutions, and large conglomerates.
- Uniquely anchored presence in Abu Dhabi, acting as the house bank for the government and related entities.
- Global network and international footprint, acting as the "connector" of flows in and out of the UAE and MENA.
- Market-leading product capabilities and sector knowledge.
- Focus on equity capital markets (ECM) in the UAE and an expanded merger and acquisition (M&A) advisory offering.
- Enhanced ability to distribute assets via secured financing/originate-to-distribute (OTD) model for Global Corporate Finance (GCF).
- Acquisition and real estate finance with key clients in the UAE and across the world.
- Expanded fund administration footprint in Saudi Arabia.

Global Markets (GM)

- A key market maker in regional currencies.
- Providing FX, money markets and rates products in G20, MENA and sub-Saharan Africa instruments.
- Offering structured products and client solutions across non-linear rates, FX options, structured trading, and equity derivatives.
- Commodity hedging, financing and investment solutions.
- Credit trading instruments including MENA and Asia bonds, conventional sukuks, and credit default swaps (CDS) in MENA and international markets.
- eFX with live streaming prices in FX spot, forwards, swaps and precious metals.
- Global securities finance, providing repos and structured lending.

Corporate and Commercial Banking (CCB)

- Extensive client base across the UAE, including large and medium-size corporates and SMEs.
- Strong value propositions covering all basic and most sophisticated products.
- Government partner supporting national initiatives to develop the commercial and SME banking sector.
- Growing presence in target international locations, including Egypt and Saudi Arabia.
- Comprehensive suite of banking solutions, and industry-leading trade finance and cash management services.

Consumer Banking (CB)

- Leading consumer bank in the UAE with unique client propositions catering to individual client segments across conventional and Islamic banking.
- Strong digital client offerings with a large customer base that actively uses digital channels.
- Focus on embedded journeys, AI tools, and fintech.
- A mobile-first approach, with the FAB Mobile application serving as customers' primary interaction point.
- Wide network of traditional and digital branches, cash offices, ATMs/CDMs, and other multiple touchpoints across the UAE.
- Strong customer value proposition with new conventional and Islamic cash back and loyalty cards.

Private Banking (PB)

- Serving HNWI and UHNWI clients in the Gulf region and greater Middle East and North Africa, as well as select regions in Asia and Europe with a wide range of investment products and services.
- Positioned as the global wealth partner for MENA clients.
- Established in key international financial centres with presence in the UAE, Switzerland, Saudi Arabia, Singapore, United Kingdom, and France.
- Full range of bespoke investment solutions.
- Highly experienced and skilled private bankers, investment advisors, and fund managers.
- Enhanced offerings through a comprehensive open architecture platform featuring third-party providers that deliver best-in-class investment solutions.

Our strengths and capabilities

Strong balance sheet
Largest UAE bank and 2nd largest in MENA by total assets, strongest combined credit rating among regional banks at AA- or equivalent, with a stable outlook.

Well-diversified business model
Diversified franchise across businesses, products, sources of funds, sources of income, and geographies.

Robust fundamentals
Robust balance sheet foundation through solid asset quality, strong liquidity, and capital. Well positioned to navigate shift in interest rates.

Long-standing relationships
Banker to the Abu Dhabi government, longstanding relationships with institutional, SWF and GRE clients.

Strong shareholding
37.9% Abu Dhabi Government ownership through a wholly owned subsidiary of Mubadala Investment Company (MIC).

Strategic international network
Global footprint across **20 markets** enabling cross-border liquidity, trade, and investment flows.

Exceptional talent
Diverse and inclusive talent pool of over **7,500** dedicated first-party employees, united through our strong corporate culture and shared values.

ESG leadership
Regional ESG pacesetter powering the UAE sustainability agenda.

Our stakeholder impact

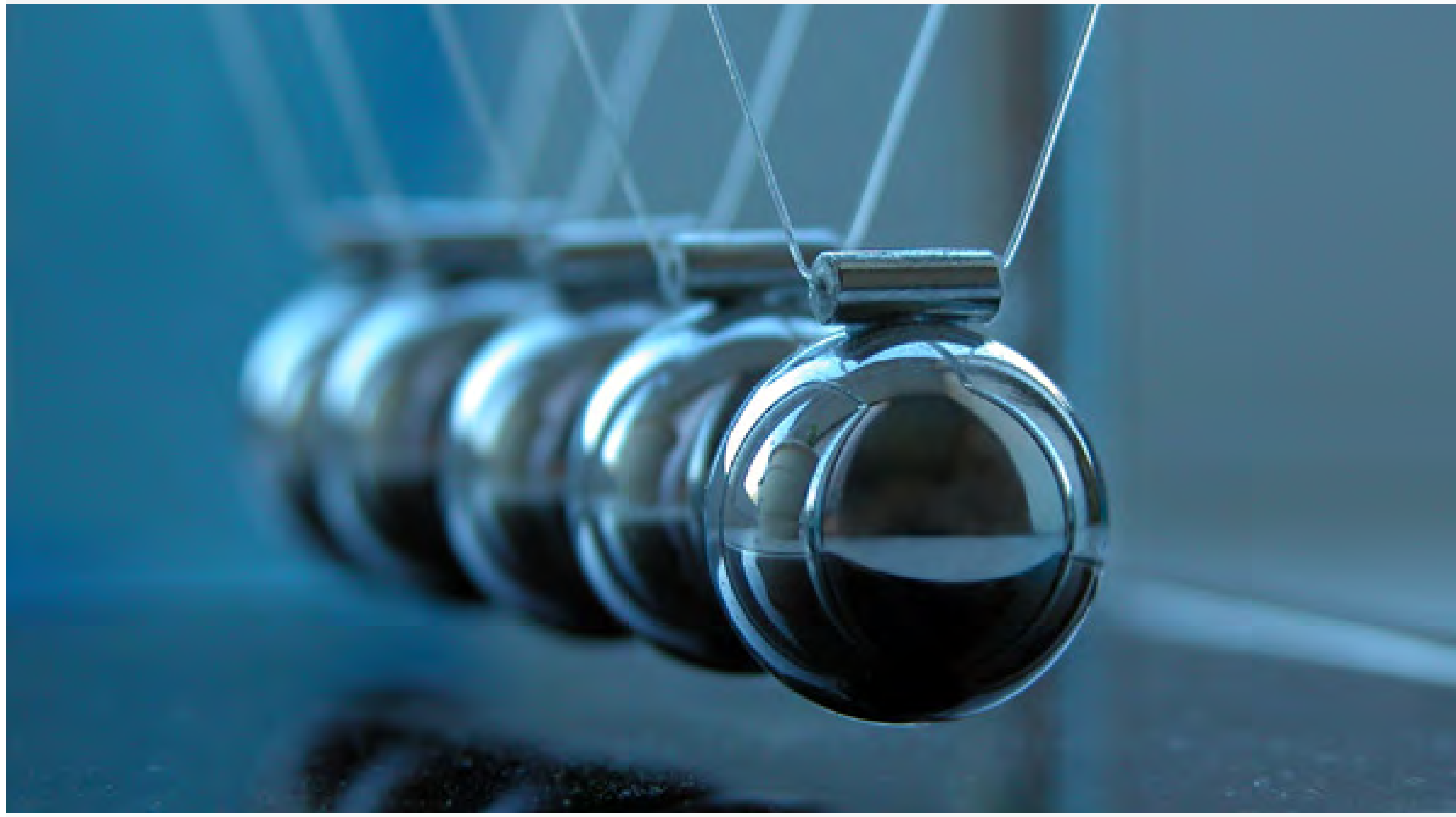
Customers
We put our customers first, placing them at the heart of our operations and maximising our resources to deliver service excellence.

Employees
We create an environment where our people can leverage their strengths and excel in their performance.

Partners
Our sustainable growth, success, and resilience rely on our strong partnerships and external support model.

Shareholders
We deliver superior and sustainable returns to our investors.

Communities
We build a legacy of positive change in our communities.



Our key subsidiaries and associates

FAB PRIVATE BANKING

FABMISR

FAB SECURITIES

Strategic Priorities

As the UAE's global bank, FAB's strategic priorities are anchored in and aligned with the UAE's economic growth and diversification goals.

Growth and diversification

Significantly accelerate FAB's growth and diversify the business mix to build new revenue streams and unlock future growth potential.

FAB achieved solid balance sheet growth while maintaining healthy asset quality in 2024

FAB is the only bank in the GCC with AA-rating and RoTE of >16%

FAB has the second-largest international presence among its GCC peers, and is the only major GCC bank with presence in the Americas

Digitisation to drive customer centricity

Accelerate client value by offering a full-suite of world class financial solutions through innovative platforms, enabling digitisation, simplification, and automation of critical customer journeys and processes while simultaneously leveraging FAB's regional expertise and strategic footprint to enable strong connectivity for clients.

Launched digital product bundles, elite propositions, and card digitisation

96% of all transactions are conducted digitally

Won 'Best User Experience Design' (FAB Mobile), 'Best in Transformation,' and 'Best in Innovation' (FAB Chat) at the Global Finance Awards 2024

Enhance connectivity

Accelerate trade and investment flows to and from the UAE and MENA through FAB's strategic presence in over 20 markets across 5 continents, enabling strong connectivity for our clients, enhancing regional economic growth, and bolstering multilateral cooperation.

FAB's International Operations contribution has grown to 23% of the bank's total operating income

FAB's International Operations revenue has grown 32% yoy

FAB has successfully captured an increasing share of trade, investment, and liquidity flows across clients in its international network

Investment Banking's corridor income is up +40% yoy

Sustainability leadership

Lead by example by embedding environment, social, and governance factors in FAB's culture, business strategies, governance, and risk management framework.

Group Risk Management

FAB's Group risk vision is to provide a best-in-class, integrated risk management framework that supports the bank's growth strategy and delivers sustainable value to stakeholders. Our board-approved risk appetite, combined with active risk management and a Three Lines of Defence (3LOD) operating model, underpins our risk management culture for optimising our risk-reward balance. Our goal is to ensure FAB's long-term business success by balancing social, environmental and financial aspects to protect the interests of all stakeholders.

The key pillars of our risk strategy are:

- **A strong governance framework,** with Board, sub-committees of the Board and senior management committees to oversee the Group risk strategy and risk profile.
- A comprehensive **risk appetite framework** embedded across the organisation.
- **Sound fundamentals** for capital, liquidity, credit, market and operational risk management.
- **Advanced risk analysis using sophisticated** systems and models.
- **Comprehensive risk reports with leading and early warning key risk indicators.**
- **Operational resiliency,** including robust **business continuity framework, contingency funding and recovery plans.**
- **Forward-looking internal capital adequacy assessment (ICAAP)** with dynamic stress testing.
- **The promotion of a robust risk culture and risk stewardship** in collaboration with the business.
- **Continuous risk awareness programmes.**

Holistic risk governance

All FAB Group employees are responsible for the management of risks, while formal accountability sits with the Group Board and Board Risk and Environment Social Governance Committee (BRESGC). The BRESGC committee approves the Group Risk and ESG strategies, risk appetite, risk policies and monitors the risk profile. Senior Management committees assisting the BRESGC in these functions are the Group Risk Committee (GRC), Group Operational and Fraud Risk Committee (GOFRC), Group Technology Risk and Information Security Committee (GTRISC) and Group ESG Committee (GESGC). Several sub-committees, such as the IFRS 9 Group Steering Committee, Model Risk Management Committee and ESG and Sustainable Finance Committee, are responsible for managing risk within their specific domains.

FAB follows a 3 Lines of Defence approach which outlines responsibilities for identifying, assessing, measuring, managing, monitoring and mitigating risks, while encouraging collaboration for risk and control activities. The FAB Group Risk Management function, led by the Group Chief Risk Officer, is an independent second line of defence providing oversight, frameworks, policies and advisory.

Emerging risks

1 Macroeconomic and geopolitical risks

Risk description and mitigants

The global economy remained largely resilient in 2024 and growth at 3.3% is estimated for 2025 and 2026, amid various geopolitical and economic challenges (Source: IMF, World Economic Outlook Report, January 2025). Major central banks have commenced monetary easing cycles. Key macro risks to watch are ongoing geopolitical conflicts in Ukraine, execution of the ceasefire deal in the Middle East, impact of the policies of the new US government, tensions between the US and China, economic slowdown in China, and the rising global debt burden.

The UAE economy and the GCC have been resilient against these global challenges due to reforms and economic diversification initiatives. The UAE GDP grew at a rate of 4% in 2024, and is projected to grow at 5.6% in 2025 and 6.2% in 2026. (Source: CBUAE Qtrly economic review Dec24). Due to the ongoing geopolitical risks, demand and supply conditions, the Brent crude oil price is forecast to be at an average of $74 per barrel for the year (Source: US EIA, Short Term Outlook, 14 Jan 2025).

FAB has developed a risk appetite framework for country risk and has minimal risk from countries involved in the conflicts. FAB tracks emerging risk developments to understand portfolio vulnerabilities and conducts scenario analysis.

2 Asset and Liability Management (ALM) risks during the shift in rate cycle

Risk description and mitigants

While projections of moderate global economic growth and waning fears of a recession especially in developed economies provide positive sentiments, prospects of trade tariffs, changes in immigration policy and continuing geopolitical tensions increase the likelihood of risks of inflation and lesser monetary easing.

FAB remains committed to maintaining robust liquidity by ensuring stable and diversified funding across its balance sheet under all market conditions. It also ensures acceptable interest rate risk in its banking book by implementing appropriate hedging strategies. The strategy to manage the interest rate and liquidity risk is overseen by the Group Asset and Liability Committee (G-ALCO), Group Risk Committee (GRC) and the Board Risk and ESG Committee (BRESGC).

3 Asset quality

Risk description and mitigants

The easing of monetary policy is expected to support economic activity. However, any worsening of geopolitical situations and disruption in supply chain routes may in turn impact the credit cycle.

FAB's loan book and asset quality ratios are managed through risk appetite framework. FAB operates prudent underwriting, proactive portfolio monitoring of early warning indicators, stress tests, adequate provisions and continuous customer engagement. FAB's balance sheet carries a conservative mix of assets, underpinned by a privileged position as the banker to the Abu Dhabi government.

4 Market risks

Risk description and mitigants

Barring a few short-lived episodes of volatility, 2024 has been calm on financial markets. In 2025, the macroeconomic and political headwinds, together with the ramifications of policy changes by the new US administration, may pose some challenges to global economic growth especially in emerging markets (EM). The new US administration policies may keep inflationary pressure high, leading to a stronger US dollar and higher rates for a prolonged period. The current tight level of credit spreads may come under pressure, especially in the EM space.

FAB adopts a cautious approach to market risk, operating within a detailed risk appetite framework to ensure earnings stability and capital resiliency. The Investment Management Committee (IMCO), under the delegation of Group Risk Committee (GRC), oversees trading and investment activities.

5 Operational and cyber resilience

Risk description and mitigants

The emerging cyber risk landscape is highly sophisticated and dynamic. The current geopolitical conflicts have increased the level of phishing, supply chain attacks, distributed denial of service (DDoS), cloud breaches and ransomware. Increasing usage of artificial intelligence and machine learning systems (AI/ML) systems requires enhanced risk frameworks for safe adoption. Operational resilience is a key focus for FAB to ensure business continuity of service and critical operations to clients.

FAB continues to enhance its operational resilience framework in line with global best practices. The bank employs a multi-layered cybersecurity framework which is continually assessed and maintains high cyber ratings. It also has strong controls to ensure data security. In 2024, FAB further developed an AI risk governance framework aligned to international best practices. The bank has strengthened its outsourcing framework and business criticality service framework.

6 Fraud risk landscape

Risk description and mitigants

The fraud risk landscape has become increasingly complex and dynamic, driven by rapid technological advancements and evolving tactics used by fraudsters. social engineering scams and digital fraud attempts are on the rise.

FAB has been continuously refining its fraud risk management frameworks to address these emerging threats. We use advanced authentication and fraud monitoring solutions to detect and prevent frauds. FAB has invested in advanced digital controls linked to facial recognition and biometrics. We also implement regular staff and customer awareness initiatives.

7 ESG risks

Risk description and mitigants

The impacts of global warming continue to be seen around the world. Climate change and extreme weather events are leading to increasing number of physical risk incidents globally. Evolving global ESG regulations and stakeholder expectations require companies to enhance their transition plans, ESG frameworks and disclosures.

FAB has been a regional pacesetter in ESG initiatives. In 2024, FAB was elected as the Chair of Net Zero Banking Alliance and FAB actively participated in COP29 in November 2024. FAB maintains high ESG ratings and is on track with commitments for sustainable finance and net zero. We are actively supporting clients in their transition to net zero alongside our own net zero transition plans. FAB has implemented a strong ESG risk management and disclosure framework, which was further enhanced in 2024. For physical risk management, FAB also maintains a strong operational resilience plan for business continuity.

8 Model risk

Risk description and mitigants

As banks increasingly rely on models across various disciplines, model risk is a growing challenge that requires to be managed through comprehensive frameworks. Rigorous validation and model lifecycle oversight are critical to manage emerging model risks and maintain validity.

FAB has implemented enhanced model risk management standards, with robust oversight provided by BRESGC and the Model Risk Management Committee (MRMC).

Group Compliance

The Group Compliance function ensures that regulatory, supervisory and reputational risks are continuously monitored and managed. It implements governance processes, frameworks, systems and controls to uphold laws, regulations, best practices and principles across FAB's global network.

The Group Compliance function reports directly to the Group Chief Executive Officer (GCEO) and the chair of the Board Audit Committee (BAC) and holds regular meetings with local and international regulators. Locally, our role as a member of the Compliance Committee of the UAE Banks Federation (UBF) enables us to make meaningful contributions to the banking industry and associated regulations. A constructive and transparent relationship with local regulators, including the Central Bank of the United Arab Emirates (CBUAE), the Securities and Commodities Authority (SCA), the Financial Services Regulatory Authority (FSRA), and the Abu Dhabi Accountability Authority (ADAA) is critical, with policies and procedures in place to monitor regulatory relationships across the FAB Group.

The FAB Compliance operating model is an independent, second line of defence centralised function, consisting of strong compliance teams that support each business unit within the UAE and across international markets where FAB operates. In addition, there are central teams of subject matter experts within our Regulatory Compliance, Financial Crime Compliance, and Monitoring and Assurance units.

The culture of compliance that FAB has embedded across the business ensures that compliance risk identification, management and transparent reporting are a key part of FAB's business as usual activities. Training and awareness initiatives are integral to ensuring that all employees are well-versed in their regulatory obligations. The completion of annual compliance training is mandatory for all staff, in addition to tailored training for specific areas such as trading, sales, and relationship management. The Board also receives annual compliance training updates.

Annual enterprise-wide compliance risk assessments are undertaken for all businesses within the FAB Group, encompassing inherent risks and controls for compliance risks. Approval from the BAC and Group Compliance Committee are obtained for relevant mitigating plans and actions.

Governance and oversight

Our compliance efforts have been bolstered by robust governance and oversight, with the Group Board of Directors and relevant committees actively involved in monitoring compliance matters.

The Board sets the 'tone from the top', fostering a culture of compliance and promoting the values of honesty, integrity, and ethical conduct. The Board is responsible for overseeing the management of the Group's compliance risk and establishing an independent compliance function within the Group. The Board appoints a Chief Compliance Officer with sufficient authority, stature, independence, resources, and access to the Board.

Group Compliance is an independent second line of defence function within the Group's Three Lines of Defence (3LOD) risk governance structure. It ensures a comprehensive enterprise-wide view of compliance risk exposures, bringing specialist compliance teams together under a single reporting structure.

The Board Audit Committee has been established by the Board to support its oversight responsibilities, particularly in ensuring compliance with applicable laws and regulations.

The Group Compliance Committee operates under delegated authority from the Group Executive Committee. It assists the Board Audit Committee in fulfilling its objectives of overseeing the bank's regulatory responsibilities, as well as ensuring the bank's compliance with applicable laws and regulations issued by local and international regulatory authorities.

Regular internal audits and reviews have contributed to the continuous improvement of the Group's compliance framework, ensuring adherence to best practices and enhancements to existing controls.

2024 highlights

- Maintained and strengthened proactive regulatory relationship management, both domestically and internationally.
- Effectively managed regulatory changes by adequately analysing and implementing new or updated regulations across the FAB Group network.
- Distributed monthly compliance and financial crime dashboards to each business unit, and presented them at business governance forums and senior management meetings. These dashboards provide an overview of key compliance and financial crime risks identified across the overall compliance programme.
- Conducted extensive staff training and awareness sessions on compliance risk matters, emerging trends, and regulatory developments including economic sanctions.
- Successfully completed extensive compliance monitoring and testing reviews across the UAE and international jurisdictions within FAB's global footprint.

Regulatory compliance

Compliance risk is defined as the risk of legal or regulatory sanctions, material financial loss, or loss of reputation a bank may suffer as a result of its failure to comply with laws, regulations, rules, related regulatory organisation standards or codes of conduct applicable to its banking activities.

Compliance risk has become increasingly important given the heightened regulatory environment in which the FAB Group operates. Our Regulatory Compliance function effectively manages the Group's relationship with various regulatory authorities, ensuring consistent and transparent communication. Group Compliance manages the relationship with domestic regulators through its Regulatory Affairs function and oversees relationships with international regulators through International Compliance.

The Regulatory Compliance team also receives, monitors and disseminates regulatory updates to relevant stakeholders across the Group. Regulatory Compliance collaborates with the first line of defence functions and Compliance Business Oversight to systematically assess the impact of new and updated regulations on existing policies, procedures and activities. This includes formulating action plans to ensure compliance with regulatory changes and the alignment of product programmes, processes and propositions to the new requirements.

Compliance control room

Regulators require banks to adequately identify and manage conflicts of interest to avoid the risk of damage to the bank, its clients or the market. Examples include but are not limited to the loss of clients, client litigation, sanctions from the regulator, disciplinary action or potential dismissal, and criminal action against any market abuse such as insider dealing.

As a leading financial institution, FAB takes conflict of interest management and the prevention of market abuse very seriously. The Group has therefore implemented various policies, procedures and systems to prevent market abuse and manage employee and transactional conflicts as they may arise. These controls are predominantly managed within the Control Room function of Group Compliance. The Control Room ensures compliance with legislative and regulatory obligations related to managing the integrity of the business, market, and clients.

The core responsibility of the Control Room is divided into two key areas - Transactional Conflict Management and Employee Compliance.

Transactional Conflict Management deals with both deal-related conflicts of interest and the flow and control of confidential information and material non-public information (MNPI) through the implementation of information barriers. The Control Room establishes a centralised mechanism to disclose and record deal-related information that originates from specific business units and functions, allowing FAB to appropriately manage conflicts of interest.

Employee Compliance manages conflict management related to personal account dealing, gifts and hospitality, outside business interest and activities, and relative declarations.

Financial crime

FAB has taken important steps to enhance its strategies, frameworks, systems and controls to tackle financial crime. The Group has also hired subject matter experts to strengthen controls in preventing and detecting criminal activities including money laundering, bribery and corruption, terrorist financing, proliferation financing, and evasion of international sanctions requirements.

Money-laundering scenarios and typologies are reviewed and updated on a regular basis to ensure they are aligned with the bank's products and services, as well as any changes in criminal behaviour identified through regulatory investigations, local and global market updates.

Policies and procedures are periodically reviewed and updated to incorporate any new or amended regulatory requirements and align with the FAB Risk Appetite Statement. The bank also circulates a periodic newsletter to staff covering key financial crime updates and has also rolledout training and awareness programmes to target groups to ensure they understand and adhere to the current regulatory requirements.

Anti-bribery and anti-corruption

FAB maintains compliance with all applicable anti-bribery and corruption laws across the markets and jurisdictions it operates in. FAB has a Group Anti-Bribery and Corruption Policy, which provides practical guidelines for these laws and regulations, ensuring compliance with the letter and spirit of applicable laws, principles and regulations, demonstrating our commitment to ethical behaviour and conduct.

Economic sanctions compliance

FAB is committed to ensuring full compliance with sanctions and restrictive measures administered by the United Nations Security Council and the Central Bank of the UAE (CBUAE) as a regulatory obligation. FAB also follows sanctions measures administered by the USA, EU and UK, in addition to any local sanctions of jurisdictions FAB operates in.

FAB adopts international best practices for its client due diligence processes, both at initial onboarding and throughout the lifecycle of the relationship. A variety of systems and controls are in place to facilitate the detection and reporting of any sanctions violations to regulators and competent authorities.

Compliance monitoring and surveillance

A focused risk-based compliance monitoring review plan is in place, covering the FAB Group across the first and second lines of defence controls. Compliance monitoring and testing reviews were completed in 2024 across all jurisdictions in the global FAB network.

Additional tools and risk-based programmes are also in place to monitor specific compliance risks, including market abuse and financial crime. Surveillance systems and controls have been established in both local and international locations, further supporting FAB's role in upholding fair and orderly markets.

Whistleblowing

FAB is committed to conducting business responsibly, ethically and with customers at the heart of everything we do. FAB considers the law as the minimum standard for good conduct and has established mechanisms to encourage staff and stakeholders to speak up when they observe any unlawful or unethical behaviour. Various channels have been implemented to facilitate reporting, and there is a zero-tolerance policy for acts of retaliation against those who raise specific concerns. Relevant policies, procedures and systems have been designed to ensure the anonymity of whistleblowers.

Staff training

FAB prioritises the training and education of its staff, including mandatory training in regulatory risks and financial crime compliance. The bank conducts numerous training sessions each year, covering various themes and involving the Executive Committee and Board members. Training plays a vital role in ensuring compliance with regulations and equipping employees with the necessary skills to perform their jobs effectively.

Compliance focus areas for 2025 and beyond

Looking ahead to 2025, compliance risks will continue to evolve due to geopolitical dynamics and social and technological shifts, combined with new and amended regulatory requirements.

In an increasingly challenging risk climate, Group Compliance will continue to enhance financial crime and regulatory compliance programmes to improve the robustness of risk mitigation and support FAB's business growth in a safe and sustained manner.

Emerging regulatory requirements

Stay abreast of upcoming regulatory changes and assess their potential impact on the organisation.

Prepare for the implementation of new compliance standards and requirements that may affect the Group's operations.

Enhanced training and awareness

Develop targeted compliance training programmes for employees at all levels of the organisation, focussing on specific industry regulations and best practices.

Foster a culture of compliance awareness through regular communications, workshops and interactive learning sessions.

Technology integration

Explore the use of advanced compliance management software and tools to streamline monitoring, reporting and data analysis processes.

Utilise technology to enhance compliance tracking, risk assessment and internal control measures across the Group's operations.

Constant enhancement of compliance systems and controls

Explore automation and artificial intelligence to deliver on the compliance strategy.

Enhance key performance indicators (KPIs) and metrics to assess the effectiveness of compliance controls.

Operational Review

Content

Investment Banking

FAB Investment Banking combines local expertise with international reach, offering award-winning deal origination, structuring, and distribution.

FAB's Investment Banking Group (IBG) provides sophisticated banking and financing solutions for institutional clients across a broad range of sectors and products.

With deep industry expertise and a strong focus on innovation, risk management, and market leadership, IBG creates long-term value for its clients. The division's tailored financing solutions empower clients to navigate complex financial landscapes with confidence and success.

Sectors

- Government, Sovereigns, and Public Sector
- Sovereigns Wealth Funds and Financial Sponsors
- Energy and Natural Resources
- Diversified Industrials Group
- Financial Institution Group

Products

- Global Corporate Finance
- Global Transaction Banking
- Global Markets

FAB's Investment Banking business maintained its dominant position in MENA IB league tables.

- **#2 in MENA Loans** (Deals closed)
- **#5 in MENA DCM**
- **#1 in MENA Green Loans** *(Source: Bloomberg)*
- **#4 in MENA ECM** *(Source: LSEG)*

Financial performance

Investment Banking delivered outstanding results in 2024, underpinned by strong execution capability which saw the division successfully carry out landmark transactions spanning multiple sectors and geographies.

With an eye on strengthening and deepening client relationships both domestically and globally, IBG achieved a **19%** yoy increase in revenue reaching **AED 10.9 billion** driven by the division's ability to execute on a robust deal pipeline across diverse products and strategic sectors.

Increased benchmark rates, an ongoing focus on new-to-bank clients, cross-selling, and the successful development of fee-generating businesses, led to more diversified income streams. The division also achieved significant balance sheet expansion, with loans and deposits registering yoy growth of **15%** and **0.2%** respectively, ensuring that the bank maintained a strong liquidity position.

As the UAE's global bank, FAB continues to leverage its extensive international network to offer its clients unparalleled access and connectivity across key business corridors spanning 20 markets and representing over 60% of global GDP. In 2024, Investment Banking was able to achieve 15% yoy revenue growth in the UAE and an impressive 35% yoy increase in revenue across FAB's international franchise. The strong inbound and outbound revenue growth across key trade corridors supported a 214% yoy rise in IBG's non-funded income.

The division was also able to successfully capitalise on opportunities in real estate finance, as well as leverage and acquisition finance, working with key clients in the UAE and globally.

2024 financial highlights

Revenue

AED 10.9 bn

+19% yoy

35%

expansion in IBG revenues across FAB's international franchise.

Loans, advances, and Islamic finance (net)

AED 252 bn

+15% yoy

Customer deposits

AED 382 bn

+0.2% yoy

Group businesses

IBG's strong results were driven by the collective contributions of all Group businesses. Global Transaction Banking (GTB) grew by 23% yoy, primarily supported by CASA growth and rate hikes. Global Corporate Finance (GCF) and Global Markets (GM) each posted a 15% yoy increase, fuelled by new deal closures, fee bookings, and higher revenues from TRS bonds and FX fees, respectively.

Global Banking Coverage

As FAB continues to support its core clients internationally, the bank is strengthening its leverage and acquisition finance franchise as the go-to partner for clients diversifying their investments across geographies. Global Banking Coverage (GBC) expanded its wallet share with core clients by supporting their financing needs beyond local transactions. GBC also developed new relationships, leading to several successful first-of-their-kind transactions, including deals in new industries and geographies.

Global Corporate Finance

GCF's performance in 2024 was underpinned by strong regional economic growth, interest rate stabilisation, and the potential for rate reductions in the near future. The business successfully met rising demand for structured finance underwriting, as well as growing client appetite for complex product offerings and sustainable finance solutions. Robust debt markets in the UAE also contributed to an increased appetite for bond and sukuk issuances.

GCF helped clients raise AED 25 bn (USD 7 bn) in equity capital markets (ECM) transactions and over AED 250 bn (USD 68 bn) in debt capital markets (DCM) deals in 2024. The team advised on several landmark transactions and key listings throughout the year, including PIF's USD 1.5 billion three-year sukuk and USD 500 million green notes, ADNOC Murban's debut USD 4 billion multi-tranche senior unsecured bond, Abu Dhabi Future Energy Company's (Shuaa Energy 4 - DEWA VI) USD 1 billion project financing, and Saudi Aramco Total Refining and Petrochemical's USD 10 billion project financing for the Amiral Expansion, among others.

GBC 2024 highlights

Mubadala Capital – Bugaboo acquisition:

FAB, alongside a consortium of international banks, underwrote a debt financing package to support Mubadala Capital's acquisition of a majority stake in Bugaboo, a leading global brand in strollers and premium children's products, from Bain Capital.

Network International acquisition:

a consortium comprising FAB, Brookfield, and key Abu Dhabi government-related entities received regulatory approvals to acquire 100% of Network International, a leading payment solutions provider in the MEA region listed on the London Stock Exchange. FAB and other banks provided a USD 1.4 billion debt financing package for the acquisition, with FAB also acting as the account bank and hedge coordinator.

Key 2024 listings executed by FAB

- Lead manager on the **AED 3.2 billion IPO of NMDC Energy** on the Abu Dhabi Securities Exchange (ADX).
- Joint bookrunner, receiving bank, and joint lead manager on the **USD 429 million listing of Parkin** on the Dubai Financial Market (DFM).
- Joint bookrunner and joint lead receiving bank for **Lulu Retail's USD 1.72 billion IPO** on the ADX.
- Joint financial and listing advisor on the **direct listing of Agility Global PLC** on the ADX.

New products and services

In 2024, Securities Services launched the MENASSA (MENA Securities Services for Asset Managers) platform, the first-of-its-kind comprehensive post-trade services platform designed to support the growing asset and wealth management sectors in the UAE and Saudi Arabia. Within its first few months of operation, the platform successfully booked USD 1 billion in new assets under administration.

The Issuer Services business was appointed as the sole paying agent for unclaimed dividends by the UAE's Securities and Commodities Authority —a testament to the division's decades-long expertise in paying agent services.

New products, such as diversified payment rights, were well received by FAB clients, contributing to increased returns. A key milestone was the signing of strategic Memorandums of Understanding with Industrial and Commercial Bank of China in May 2024 and DBS in October 2024. This structured framework for cooperation led to increased business flows and revenue growth throughout the year.

Additionally, the division advanced its fund administration expansion into Saudi Arabia, further strengthening its regional presence.

ESG and sustainable finance

In 2024, FAB facilitated USD 38.2 billion in sustainable finance, securing the top ranking on both the EMEA Sustainable League Tables and the MENA Green Finance League Tables by Bloomberg. Demonstrating its leadership in sustainable finance, FAB acted as a sustainability coordinator on 29 deals, a 141% increase from 12 deals in 2023.

AED 140.4 bn

Sustainable finance facilitated
+51% yoy growth

Landmark transactions led by FAB's investment banking group

USD 3.2 bn	USD 3.2 bn	EUR 0.9 bn	USD 1.2 bn
sustainability-linked multicurrency term loan for GEMS	sustainability-linked revolving credit facility (RCF) for Trafigura	sustainability-linked RCF for EGIS	green project finance for Amaala

2025 outlook

In 2025, IBG will continue strengthening its market position in target markets while expanding both its domestic and international franchise. Growth will be driven by a focus on efficiency and agility, supported by strategic investments in technology and innovation, particularly in AI. The division also plans to expand its project financing activities beyond MENA, with a targeted approach to regional public-private partnerships (PPPs) and aircraft financing, capitalising on upcoming airline deliveries.

IBG will further diversify income streams, enhance cross-selling, and increase client share of wallet. Plans are in place to grow its real estate financing franchise, expand its fund financing and acquisition financing offerings, and leverage its existing partnership with State Street. Additionally, IBG aims to develop European leveraged finance and syndication capabilities while broadening its product base for both existing and new clients. The division also seeks to deepen its market penetration in Central Asia, the CIS, and Africa, reinforcing its international growth strategy.

Strategic priorities

- Client- centric approach
- Sector specialisation
- Product-mix diversification
- International franchise expansion

Landmark Deals
2024

Hafeet Rail Infrastructure LLC

AED 3.7 billion
OMR 97.7 million
Senior Secured Term Facility

Mandated Lead Arrangers and Bookrunner, Global Agent, UAE Account Bank, Hedging Bank

Date: September 2024

Abu Dhabi Future Energy Company – Masdar

USD 1 billion
Senior Unsecured Green Notes

Joint Lead Manager and Joint Bookrunner

Date: July 2024

Amaala Multi Utilities Project

USD 1.1 billion
Senior Secured Green Term Loan

Sole Green Coordinator, Bookrunner, Mandated Lead Arranger, Facility Agent and Security Agent

Date: September 2024

NMDC Energy

AED 3.2 billion
Initial Public Offering

Lead Manager and Lead Receiving Bank

Date: September 2024

Alef Education

AED 1.9 billion
Initial Public Offering

Joint Global Coordinator, Joint Bookrunner, Joint Lead Manager, Listing Advisor and Lead Receiving Bank

Date: June 2024

Parkin

AED 1.6 billion
Initial Public Offering

Joint Bookrunner, Joint Lead Manager and Receiving Bank

Date: March 2024

The Public Investment Fund

USD 2 billion
Senior Unsecured Notes

Joint Lead Manager and Joint Bookrunner

Date: September 2024

Abu Dhabi National Oil Co

USD 4 billion
Senior Unsecured Notes

Joint Lead Manager and Joint Bookrunner

Date: September 2024

AD Ports

AED 10.1 billion
Multi-Tranche Club Facility

Coordinators, Mandated Lead Arrangers, Bookrunners

Date: September 2024

Saudi Aramco Total Refining and Petrochemical Company

USD 6.8 billion
Senior Secured Term Loan

Bookrunner and Mandated Lead Arranger, USD Commercial Facility Agent

Date: July 2024

Buraiq Renewable Energy Company, Moya Renewable Energy Company, and Nabah Renewable Energy Company

USD 2.5 billion
Senior Secured Term Loan

Mandated Lead Arranger, Green Loan Coordinator

Date: September 2024

London Square Limited

GBP 175 million
Refinance of existing debt

Arranger, Lender and Green Loan Coordinator

Date: April 2024

EQUATE Petrochemical Co

USD 750 million
Senior Unsecured Sukuk

Joint Global Coordinator, Joint Lead Manager and Joint Bookrunner

Date: September 2024

Nova Alexandre III S.A.S.

EUR 164 million
Super Senior RCF for Refinancing of a previous LBO with CDOQ

Mandated Lead Arranger and Bookrunner

Date: April 2024

2024 Investment Banking awards

The Banker
Investment Bank of the Year for the Middle East

Euromoney
- Best Investment Bank in the UAE
- The Middle East's Best Real Estate Bank
- The Middle East's Best Bank
- Best Securities House in the UAE
- UAE's Best Bank for UAE

BLS Middle East
- Middle East Investment Bank of the Year
- Loan House of the Year
- ESG Loan House of the Year
- Leveraged Finance House of the Year
- Structured Finance House of the Year
- Local Equity Capital Markets House of the Year

Global Finance
- Best Sub-Custodian Bank in the Middle East
- Best Equity Bank in the Middle East
- Best Bank for Social Bonds (Middle East)
- Best Bank for Transition/Sustainability Linked Loans (Middle East)
- Best Bank for Sustainable Finance (UAE)

IJ Global ESG Awards 2024
ESG Lender of the Year, Middle East

MEED MENA Banking Excellence
MENA Sustainable Bank of the Year

Aviation Finance
Best Sustainable Aviation Financing Initiative

Global Capital Syndicated Loans Awards
Best Arranger of Middle Eastern Loans

Global Markets

A regional powerhouse providing world class hedging, risk management, market access, liquidity, and financing solutions to our clients globally.

FAB's Global Markets (GM) division continues to play an increasingly important role in overall Group's success. With its unique performance drivers and differentiated product suite, GM sets FAB apart from regional peers and makes a significant contribution to the bank's revenue and profit.

In 2024, Global Markets delivered significant growth in volume with fixed income, currencies, and financing solutions products, both regionally and internationally, and has firmly established itself as a key market maker in regional currencies. The division has both contributed to and benefited from FAB's international network and expansion. GM's revenue from international business has grown at twice the rate of its domestic business. The bank's global footprint now extends to 20 markets across the MENA region and major international financial centres, significantly enhancing GM's reach and enabling it to provide hedging, financing, and investment solutions for a broader client base.

Throughout the year, the division continued to deliver on its impressive track record with increased cross-selling to clients who bank with FAB for corporate finance and transaction banking solutions. GM offers these clients FX, interest rate, and commodities hedging services, which have expanded significantly over the years.

> In 2024, Global Markets expanded its product suite offering to originate and distribute risk solutions across a diverse client base in global centres and Abu Dhabi.

Financial performance

Global Markets achieved strong revenue growth with a year-on-year (yoy) increase of **18%**. This double-digit growth was mainly driven by increased penetration and improved cross-selling of GM products to Investment Banking (IB) and Corporate and Commercial Banking (CCB).

Trading and Investments delivered strong growth in revenue, capitalising on client flows, market moves, the Abu Dhabi investment ecosystem, backed by our solid asset allocation strategy and disciplined execution.

Flow FX and Rates products have registered a double digit growth in revenue, driven by increased volume and the improved monetisation of client flows by GM Trading. Structured financing solutions registered significant growth in revenue, due to increased demand for sophisticated financing solutions in international markets.

Global Markets has seen steady growth in both revenue and market share over the past three years, driven by a disciplined approach to cost and capital, demonstrated by a high RoRAE of more than **30%** and low cost-to-income ratio of **13%.**

2024 financial highlights

Revenue
AED 7.4 bn
+18% yoy

FX volumes
AED 2.7 bn
+56% yoy

RoRAE
>30%

Customer deposits
AED 269 bn
+3% yoy

A client-centric approach

In close collaboration with group coverage partners, GM has further broadened and deepened its customer base.

Going forward, Global Markets will strengthen its position as the market leader in the UAE by enhancing client engagement and expanding market share internationally. The division aims to improve cross-sell and client penetration among existing and new to bank clients.

Product portfolio

- Linear FX, Money Markets and Rates products in G20, MENA and sub-Saharan Africa instruments
- Structured products and client solutions across non-linear rates, FX options, structured trading, and equity derivatives
- Commodity hedging, financing, and investment solutions
- Credit Trading instruments including MENA and Asia bonds, conventional sukuks, and Credit Default Swaps (CDS) in MENA and international markets
- eFX with live streaming prices in FX Spot, Forwards, Swaps, and Precious Metals
- Global Securities Finance, providing Repos and Structured Lending

2025 outlook

Looking ahead, Global Markets remains committed to investing in its strategic priorities to scale the franchise and accelerate growth by diversifying the business across products, client base, and markets.

Acquiring and growing new-to-product and new-to-bank relationships will be key to increasing client penetration and accelerating cross-selling and greater share of wallet. The division plans to strengthen and expand its international footprint by leveraging FAB's international networks, capabilities, expertise and partnerships in southeast Asia, northeast Asia, India, Europe, the United States, and Saudi Arabia.

Global Markets will continue to adopt and onboard advanced technologies and innovative solutions to drive operational efficiencies, while upskilling and attracting world-class talent to complement its growth aspirations.

Strategic priorities

Diversifying across products, client base, and markets

Acquiring and growing new-to-product and new-to-bank relationships

Adopting advanced technologies and innovative solutions

Corporate and Commercial Banking

The UAE's leading banking partner for large and medium-sized corporations, as well as micro, small, and medium enterprises.

With an extensive branch network and agile execution capabilities, FAB's Corporate and Commercial Banking (CCB) division continued to achieve exceptional results in 2024, solidifying its position as the leading banking partner for large and medium-sized corporations as well as small, and medium enterprises (SMEs) across the UAE.

CCB's team of highly experienced professionals deliver a comprehensive suite of banking solutions and industry-leading trade finance and cash management services to an expanding and diversified pool of clients in the UAE and across the region.

With a focus on accelerating growth by harnessing FAB's global network, CCB was able to capture new revenue and new clients. Global expansion remains a key priority for the division, which reported more than **AED 2.7 billion** in new credit extended to international clients in 2024**,** of which 11% was for new-to-bank clients across India, Saudi Arabia, Kuwait, and Oman.

"With a focus on accelerating growth by harnessing FAB's global network, **CCB was able to capture new revenue and new clients.**"

Financial performance

In 2024, CCB revenue grew by **5%** yoy, reaching **AED 7.2 billion**. This was driven by strong business volumes that were further enhanced by higher benchmark rates and increased client activity.

Net interest income declined by 2% yoy, while non-interest income surged by **32%**, reflecting strong business momentum. The division saw positive growth in both loans and deposits, which rose by approximately **3%** yoy. This was driven by new customer acquisitions, an expanding presence in regional project financing, and a strategic focus on increasing CASA balances through new cash management mandates.

CCB reinforced its commitment to supporting the regional SME ecosystem, increasing new lending by AED 4.3 billion yoy, marking a 30% growth.

Strategic partnerships played a key role in driving growth and innovation, particularly in cross-border payments, supply chain financing, and liquidity management.

Creating value

In line with our mission to be the bank of choice for corporate clients and the national champion for commercial banking, CCB continued to innovate with the introduction of new and enhanced value-added products designed to improve customer experience and meet the evolving needs of customers across multiple jurisdictions.

2024 financial highlights

Revenue
AED 7.2 bn
+5% yoy

Increase in SME lending
AED 4.3 bn
+30% yoy

Loans, advances, and Islamic finance
AED 161 bn
+3% yoy

Customer deposits
AED 162 bn
+3% yoy

Strategic differentiation and customer-centric approach

Setting itself apart from competitors, CCB harnessed its strong capital base, robust balance sheet and execution capabilities to deliver unparalleled customer experiences. Operating across 20 markets globally, the division prioritised speed of execution, digital innovation, and exceptional customer service, consistently achieving high Net Promoter Scores (NPS).

Balancing commercial and SME focus

In line with our commitment to support entrepreneurial ventures and foster economic growth, we invested in digital capabilities designed to enhance SME banking services and customer engagement. Collaborations with government agencies and fintech start-ups further demonstrated FAB's commitment to driving SME growth and ecosystem development.

“

FAB is the preferred SME bank with more than **AED 4.3 billion** in new lending extended to SMEs in **2024**.

”

Global Transaction Banking (GTB)	Global Markets (GM)	Global Corporate Finance (GCF)
Experienced a double-digit surge in revenue, driven by digitisation and initiatives such as cash management, supply chain finance/receivable financing and remote cheque deposit, treasury advisory, and escrow management.	Recorded remarkable double-digit growth in revenue, particularly from hedging and derivatives services.	Achieved double-digit revenue growth, focussing on acquisition, project and asset-backed financing.

Digital transformation

CCB continued to invest in digital capabilities to enhance customer service across all segments. The Point of Sale (POS) and Mortgage-Backed Business Financing (MBBF) loans application process has been fully automated with

100% of applications now processed through PRISM. The successful pilot launch of FAB Business saw more than **150 customers** onboarded digitally during the year.

FAB Business digital platform

Digital customer onboarding	Pre-screening automation	POS automated lending	Instant channel onboarding
>50%	Reduction in turnaround time to	Reduction in turnaround time to	1,500+
customers onboarded digitally	< 1 Minute	153 seconds	self-registered channel users

Instant service requests

Transitioning from manual submission via branches to seamless, real-time digital submission and instant letter issuance, leading to an improved customer journey

2025 outlook

Building on a strong performance in 2024, CCB is well-positioned for robust growth in the coming year. The division expects to see significant advances across all key financial metrics. Revenue growth and profitability, driven by efficient cost management and strategic investments in technology and innovation, will further strengthen market positioning, enabling expansion of product offerings and improved services.

The division plans to expand its footprint within the UAE while exploring new opportunities in regional markets to support large and medium-sized corporates, as well as MSMEs.

Ongoing investments in digital transformation to boost capabilities in trade finance, cash management, and sophisticated financing solutions will be a cornerstone of CCB's strategy going forward. CCB will remain focused on delivering exceptional customer experiences through personalised services delivered by a highly experienced team.

In line with FAB's position as a regional sustainability pioneer, CCB will continue to prioritise sustainable banking practices, aligning growth with environmental, social, and governance (ESG) principles to create long-term value for all stakeholders.

Strategic priorities

- International connectivity (GCCE linked)
- Grow UAE market share (Dubai and Northern Emirates Growth)
- Enhanced digital capability (Corporate and commercial banking and global transaction banking)
- Customer experience (Improve internal process)
- Talent upskilling

Case Study

Empowering SMEs with Service Accelerator

FAB's new Service Accelerator empowers SME clients with digital access to 17 essential account services through the FAB Business portal and mobile app, eliminating the need for branch or service centre visits.

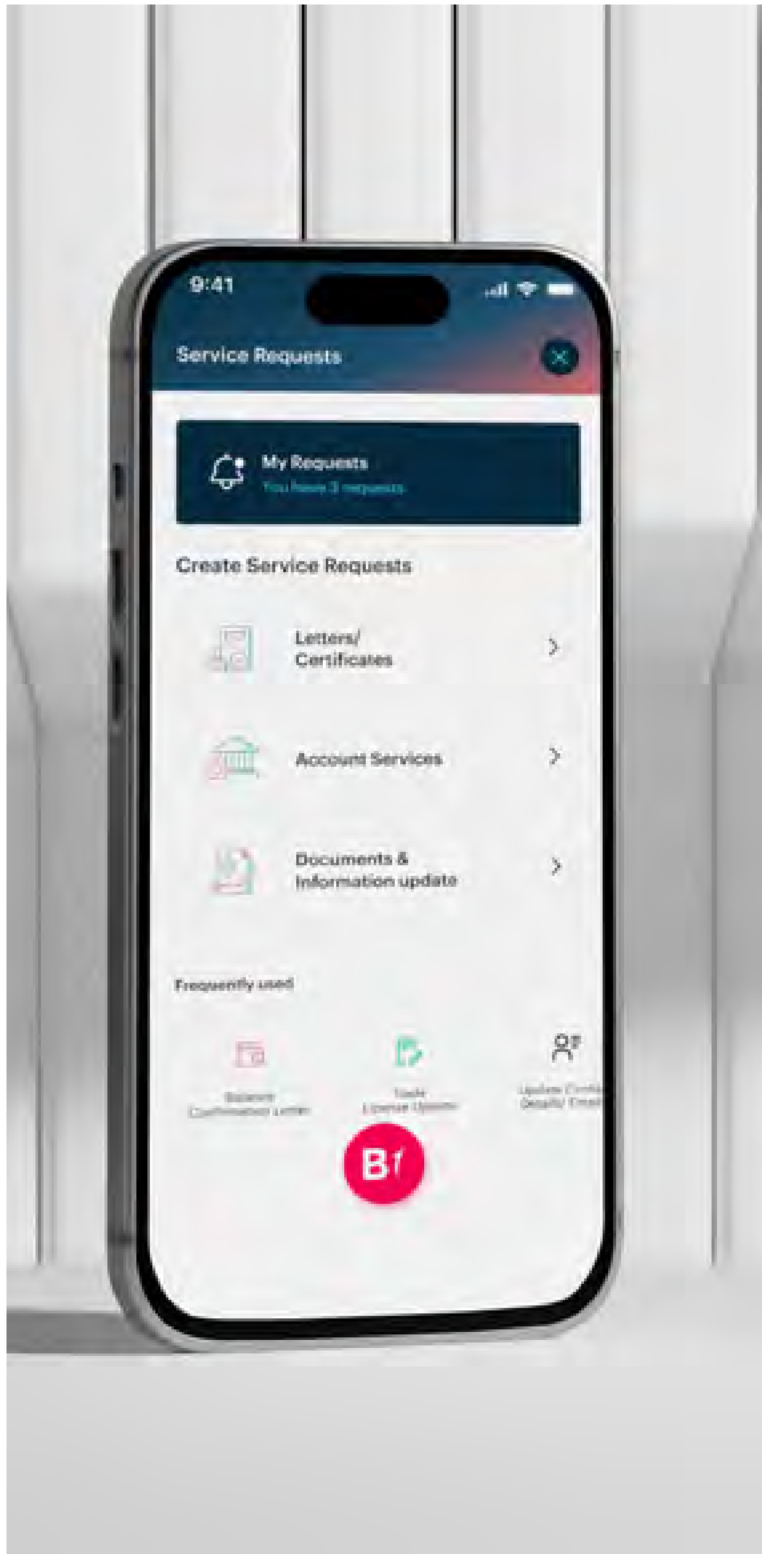
The Service Accelerator marks a first-of-its-kind initiative in the UAE, designed to deliver seamless, time-efficient, and customer-centric banking experiences. With this cutting-edge platform, SME clients can now digitally request and track a wide range of account services in real time, redefining the way banking services are accessed and managed.

Key services at your fingertips

Clients can enjoy the convenience of managing the following services online:

- Letters and certificates
- Account services
- Documents and information updates

This digital-first approach highlights FAB's leadership in SME banking innovation, setting a new standard for customer-centric services in the UAE. With the Service Accelerator, FAB continues to empower businesses to achieve their goals with ease, efficiency, and confidence.



Case Study

Banking as a Service

When a newly established UAE neobank needed support in facilitating a Banking as a Service (BaaS) solution to offer everyday banking services to their retail and SME clientele, they reached out to FAB.

BaaS is an end-to-end model that allows digital banks/neobanks and other third parties to connect with banking systems directly via an Application Programming Interface (API), so they can build their banking offering on top of the provider's regulated infrastructure. It also unlocks the open banking opportunity that is reshaping the global financial services landscape.

By partnering with FAB, the neobank could extend cheque/cash deposit and cash withdrawal services to its customers using FAB's cash and deposit machine (CDM) network infrastructure.

The benefit

- Access to secure and regulated infrastructure of an established licensed institution, powered by modern API-driven platforms
- Extended physical footprint via access to 195 FAB CDMs
- Near real-time updates on transactions for customer-level posting
- Data enrichments (rich narration) and contactless client experience
- Reduced time to market via the first BaaS solution

Case Study

Payments, collections, and liquidity management solutions

When a leading national airline, operating flights to over 400 destinations worldwide, sought comprehensive cash management services to effectively oversee its global operations across the US, Europe, and MENA, they looked for a partner capable of supporting their extensive global footprint.

FAB became their primary banking partner, offering efficient cash management solutions to streamline payment processes, including payroll, collections, liquidity management and global cash centralisation, enabling the airline to optimise its entire cash ecosystem.

FAB conducted extensive workshops with the client to understand their needs and explored various solutions to address them.

The benefit

- Further account rationalisation via Virtual Account Management
- Client confidentiality
- Bank accounts for new markets
- Visibility and control of all accounts at Group level

2024 Corporate and Commercial Banking Awards

Global Finance

Best Bank for Transaction Banking
Middle East

Best Bank for Long-Term
Liquidity Management
Middle East

Best Bank for Cash Management
United Arab Emirates

Best Virtual Accounts Solution
for Corporates
Global

Best Trade Finance Services
in the Middle East

Best Online Treasury Services
in the Middle East

Best Online User Experience
(UX) Portal in the UAE

Best Integrated Corporate
Banking Platform in the UAE

Best Mobile Banking App in the UAE

Best in Innovation in the UAE

Best Open Banking APIs in the UAE

Best Complete Suite of Treasury Services
White Label TMS

Sustainable
Supply Chain Finance

Global Trade Review

Best Trade Finance Bank in the UAE

The Banker

Supply Chain Finance Award - Global

MEA Finance

Best Mobile Banking Services

Best Cash Management Bank

Best Treasury Management Services

Best Corporate Treasury
Inhouse Banking Service

Best Online Banking Services

BCR Publishing

Global Receivables Finance
Provider of the Year

The Digital Banker

Best Bank for
Transaction Banking Services
Middle East

Best Bank for
Transaction Banking Services
United Arab Emirates

Best Bank for Cash Management
United Arab Emirates

Best Bank for
Payments & Collections
United Arab Emirates

Best Bank for
Supply Chain Finance
United Arab Emirates

Best Bank for Trade Finance
United Arab Emirates

Best Supply Chain Finance
Platform Initiative

Outstanding Use of Technology
by a Transaction Bank

MEED

Best Use of AI in Financial
Services in MENA

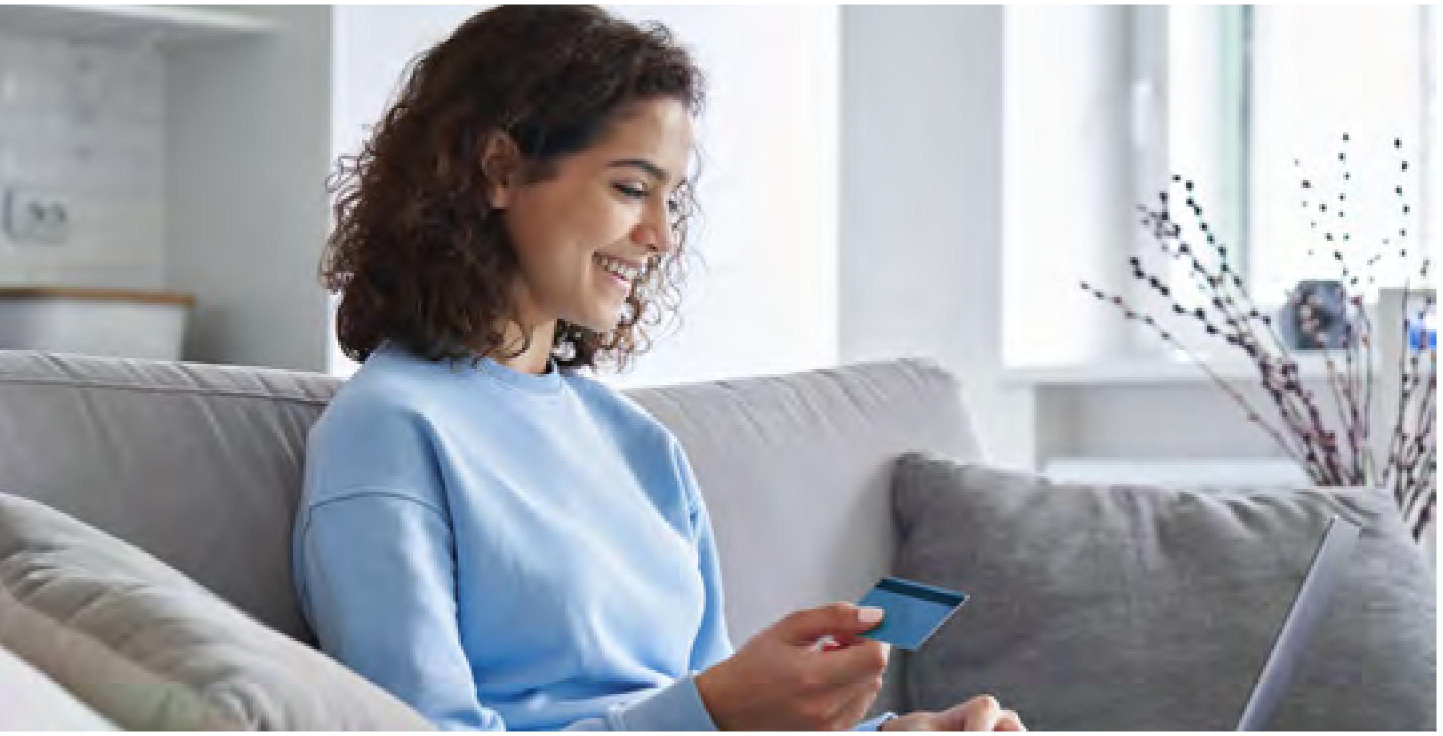
Consumer Banking

FAB Consumer Banking Group is a market leader in the UAE for all conventional and Islamic personal banking needs.

Serving consumer and elite segments across both conventional and Islamic banking, FAB's Consumer Banking Group (CBG) offers an extensive array of products and services through a robust UAE-based retail network and acclaimed digital platforms.

CBG provides segment-specific, differentiated product offerings, delivered through the best digitally driven service model in the market. The division aims to be the primary bank for its clients by attracting salary accounts and using data to proactively engage with customers and deepen relationships.

Through a fully digital, streamlined onboarding journey, customers are empowered to explore and select tailored multi-product bundles, including current and savings accounts, credit cards, loans, and salary transfer options through an all-in-one seamless experience. Customers are supported by CBG's dedicated sales and distribution teams, ensuring guided, flexible and rewarding entry into all bank offerings.



Financial performance

CBG delivered solid growth in 2024 with **AED 4.5 billion** in revenue, fuelled by strong balance sheet expansion and greater fees and commission income. This growth was largely driven by the division's market-leading customer propositions, a strategic focus on primary relationships and payroll offerings, as well as a diversified sales strategy across distribution, digital, and third-party sales.

Customer deposits grew by **17%** yoy to reach **AED 90 billion**, driven by CBG's product leadership. Current Account and Savings Account (CASA) balances grew by AED 9 billion, while fixed deposits reached AED 24 billion, a 17% increase.

Customer loans were up **15%** yoy due to strategic product feature enhancements and new partnerships.CBG achieved strong growth across its lending portfolio, with personal loans increasing by **14%** yoy, while mortgages surged by 30%, and Islamic financing expanded by 21%, reflecting robust demand and our commitment to diverse customer needs.

CBG's cards business achieved strong double digit yoy growth in 2024, driven by enhanced propositions, improved digitised processes, and a diversified acquisition channel strategy. Overall cards spend, including domestic and international, grew, driven by personalised merchant offers, automated trigger-based campaigns, and enhanced digital life cycle management.

To further accelerate growth in cards acquisitions and spend, CBG strengthened its customer value proposition with new conventional and Islamic cash back cards. GEMS Education Card and Cash Back cards were revamped, and we launched the new FAB Rewards Indulge, Emirati, and Elite cards. The division also mobilised a longer-term cards payment innovation stream in partnership with Mastercard, focussing on embedded journeys, AI tools, and fintech.

2024 financial highlights

Revenue
AED 4.5 bn
+18% yoy

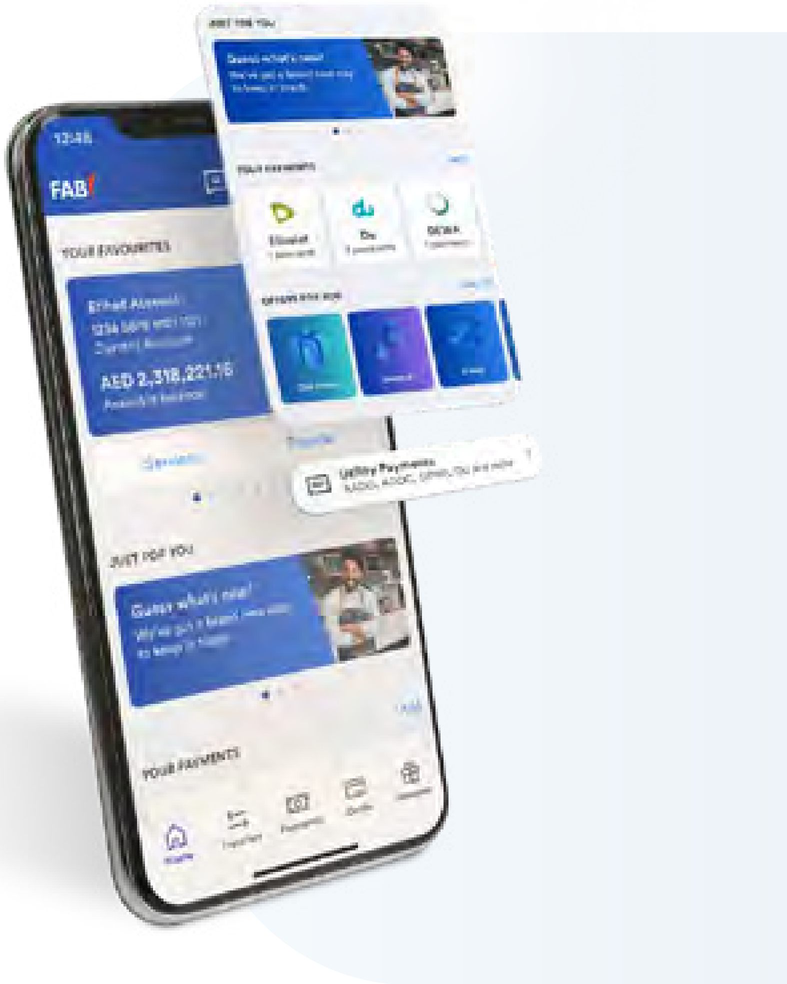
74%
CASA balances of customer deposits

Customer loans
AED 65 bn
+15% yoy

Customer deposits
AED 90 bn
+17% yoy

Digitisation

CBG provides fully digitised everyday banking and lending journeys for customers. The division encourages a mobile-first approach, with the FAB Mobile application serving as customers' primary interaction point, while physical channels are used to transform and enhance customer relationships.



96%	27%	4.6
All transactions conducted digitally	Increase in digitally registered users	FAB Mobile app rating on Apple and Google Play

Branch optimisation

In 2024, CBG placed a strong focus on evolving the role of branches. A concerted effort was made to transition branches from places for routine non-complex service requests and small-size financial transactions into advisory and service centres for target customer segments and engagements on complex products and solutions. FAB's branch network is also being utilised for enhanced Elite customer acquisition and care.

> 15 out of 71 FAB branches are now digital

2024 innovation and digital transformation achievements:

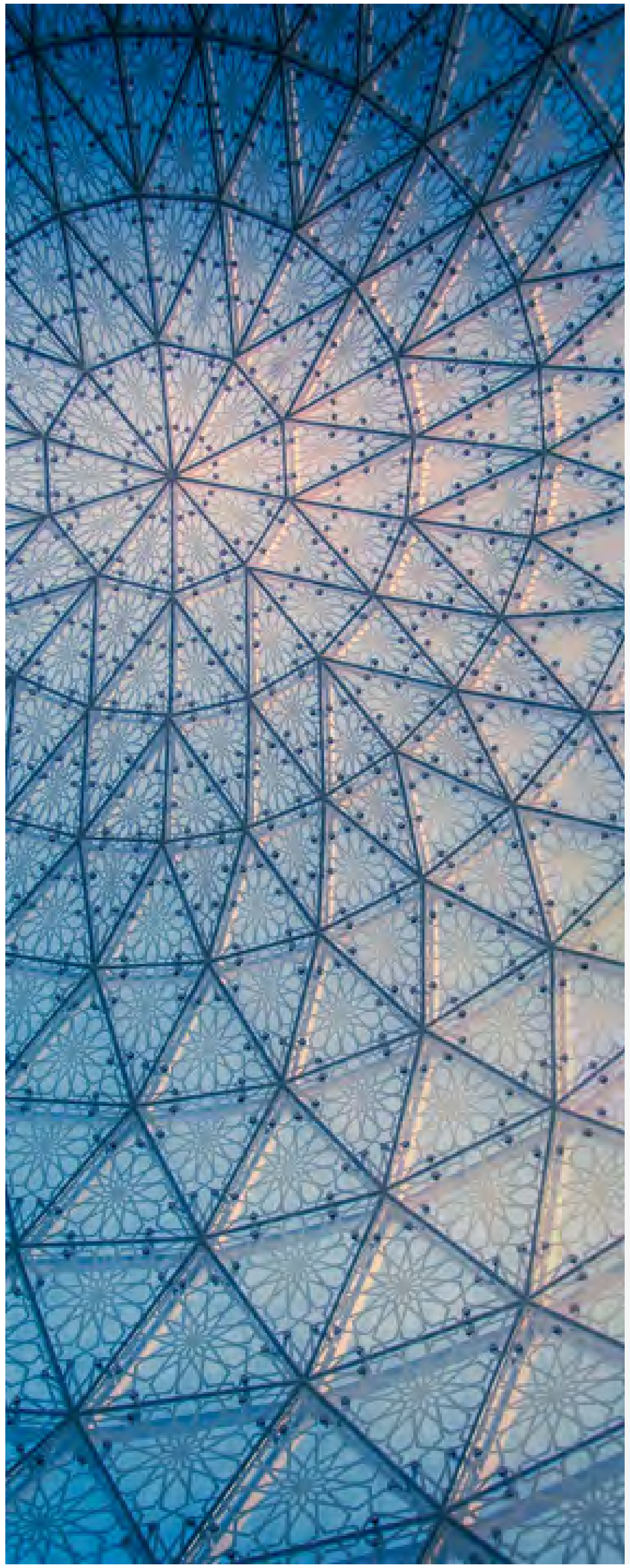
- Strong growth in registered digital customers, with over 96% of service requests now processed digitally and a 46% year-on-year increase in digital transactions.
- FAB's mobile and online banking platforms offer seamless experience with over 150 services. Customers can handle 100+ service requests instantly, eliminating the need for branch visits or calls. With AI support and personalised offers, FAB makes banking smarter and more convenient, anytime, anywhere.
- An expanded product offering with the launch of digital product bundles featuring multiple products in one simple journey for both conventional and Islamic customers. This is the first multiproduct digital offering in the UAE.
- A foreign currency account opening capability which will enable existing customers to open USD, GBP, and EUR accounts instantly on the FAB Mobile app.
- A digital personal loan top up that reduced turnaround times to under 10 minutes compared to an average of five to six days through physical applications.
- An enhanced portfolio of services including web credit card onboarding, hyper-personalised credit card digital journeys for FAB staff, self-service requests of stamped account statements, and secured document sharing service for Elite relationship managers.
- A new feature in FAB Mobile, enabling customers to open trading accounts with FAB Securities.
- e& money wallet top-up which enables customers to instantly top-up their e& wallet on FAB Mobile.
- Launch of AI innovation Hub focused on accelerating AI module adaptation in the banking industry.
- Strategic partnerships with leading industry companies like G42, Presight, Microsoft. and Aleria.
- Direct investment in fintech, digital platforms and payments, including WIO, Magnati. and Network International.
- FAB's net promoter score (NPS) showed continued improvement across key channels.

Commitment to sustainability

FAB's group-wide commitment to sustainability remained strong in 2024. The FAB Rewards Elite card, which was launched at COP28 last year, was recognised in The Eco-Loyalty Award category, at the prestigious International Loyalty Awards 2024. A tree will be planted after the cardholder's first purchase and every AED 50,000 spent thereafter. CBG's recycled Card Plastics Project is also now complete, with 100% of new cards issued on recycled polyvinyl chloride (RPVC).

CBG also launched green mortgages in partnership with three UAE developers and promoted personal finance through the recognition of a valued customer who purchased the first UAE-made electric car, Rabdan One.

Following the widespread damage caused by unprecedented rainfall in the UAE, FAB supported the local community by offering deferrals on loan payments to support rebuilding, enhancing policy to avail lending products to more customers, and processing claims to support mortgage customers affected by the rains.



2024 Consumer Banking awards

Global Finance Awards 2024

Best Consumer Digital Bank (UAE)

Best in Transformation (new initiatives: Insurance Marketplace, Gamification)

Best User Experience Design (FAB Mobile)

Best in Innovation (FAB Chat)

InsureTek Middle East Conference

Best Innovation Leveraging Mobile Banking App (Insurance team)

MENA Marketing Awards

"SMARTIES" award for Amazon "What's in the box" ad campaign

Private Banking

FAB Private Banking specialises in creating bespoke solutions for high net worth individuals (HNWI) and ultra high net worth individuals (UHNWI) in the Gulf region and greater Middle East and north Africa, as well as select regions in Asia and Europe.

Decades of success in providing banking, investment, and wealth and trust services across the region have honed the division's expertise and established FAB as a strategic and trusted advisor for generations of clients with diverse needs and aspirations. A combination of relational focus and cultural skill are matched by FAB's international market reach. As the global wealth partner for MENA clients, FAB Private Banking has a presence in Switzerland, Saudi Arabia, Singapore, the United Kingdom and France, offering clients unrivalled reach and opportunity from our home in the UAE.

Utilising a full range of investment products and world-class portfolio management and advisory capabilities, FAB Private Banking is setting new standards and raising the bar for innovation and customer experience. Its comprehensive open-architecture platform features third-party providers who deliver best-in-class investment solutions.

Financial performance

Private Banking delivered exceptional results in 2024, recording a **15%** year-on-year (yoy) growth in revenue, combined with strong balance sheet growth. This strong performance was driven by accelerated client acquisition and sustained growth in assets under management (AUM), which contributed to higher investment-related income.

AUMs increased by an impressive **75%** yoy mainly attributed to a growth in institutional mandates managed by FAB Asset Management, the launch of the Foreign Currency Non-Resident (FCNR) solution in Singapore, and positive acceleration in transforming the Private Banking book in the UAE and Switzerland. The division also recorded strong momentum in deposits, mainly led by fixed deposits and new client acquisition, resulting in a global deposit growth of **5%** yoy. Despite an accelerated de-leveraging due to the ongoing high-interest rate environment, Private Banking managed to increase its international loan book, particularly in Saudi Arabia, France, and the United Kingdom.

2024 financial highlights

Revenue
AED 1.3 bn
+15% yoy

Assets Under Management (AUMs)
+75%
growth yoy

Customer loans
AED 27 bn
-7% yoy

Customer deposits
AED 33 bn
+5% yoy

2024 growth drivers

Innovative products and exemplary customer service continue to be primary drivers of growth, giving FAB Private Banking a strong competitive advantage. The division's personalised wealth management solutions were strengthened through the expansion of products and services, including wealth planning, access to private markets and other alternative solutions. The overall client experience was improved with streamlined processes, particularly across investment transactions and account services.

FAB's growing geographical footprint was another driver of growth during the year, reflected by substantial uptake in Saudi Arabia and Europe. Private Banking also introduced its family office proposition to a larger pool of potential clients through a key sponsorship in 2024 of the Al Quorum Family Office Summit.

FAB's Private Banking business is the only UAE local bank that offers a range of offshore booking centres in France, Singapore, Switzerland, and the United Kingdom that clients can access. As of year end 2024, the international booking centres in Private Banking accounted for **40%** of our consolidated revenues.

Additionally, the majority of lending activities originated from these international booking centres, with the largest share coming from the United Kingdom.

New product offering

Private Banking expanded its product offering in 2024 with a new money market portfolio (discretionary portfolio management), private markets solutions, Islamic lending facilities in the United Kingdom, and an iCapital partnership and Halo structured-products platform launched through FAB Private Bank Suisse (SA).

The division has partnered with Gilded to offer clients a new physical gold product, allowing them to purchase and own institutional quality gold securely and conveniently.

FAB Asset Management also successfully raised close to USD 200 million in AUM through a new Fixed Maturity Portfolio (FMP), marking record levels of subscription. The portfolio included the second series of FAB's conventional FMP and the bank's first Shari'ah-compliant FMP, providing clients with an opportunity to lock in high yields during challenging market conditions.

FAB Asset Management was one of the five asset managers selected by the Ministry of Human Resources and Emiratisation and the Securities and Commodities Authority as a strategic partner to deliver the government's new Alternative End-of-Service Benefits (EOSB) Scheme.

FAB Securities introduced FAB Mobile integration for digital trading and account onboarding with Abu Dhabi Securities Exchange (ADX) and Dubai Financial Market (DFM). Mobile application user experience (UX) design upgrades were also implemented, and a new research portal was launched.

FAB Private Banking offers clients a comprehensive range of best-in-class products and services across its international footprint

Wealth solutions

- Discretionary portfolio management
- Investment advisory services
- Custody and execution
- Financing solutions
- Wealth planning and trust services
- Dedicated external asset manager and family office services
- Personal banking
- Research

Investment products

- FAB funds
- Initial Public Offerings (IPOs)
- Insurance
- Private markets
- Structured products
- Public market funds
- Bancassurance

2025 outlook

In 2025, FAB Private Banking will prioritise expansion in key MENA and Asian markets, strengthen its products and services including its family office strengths for the GCC market, and develop its asset management and private banking capabilities through partnerships and other strategic opportunities.

Strategic priorities

- Maintaining leadership and increasing market share in UAE
- Expanding presence in Saudi Arabia
- Increasing customer acquisition through business introducers and external asset managers
- Increasing visibility of FAB among incoming HNWI and UHNWI to the UAE
- Driving penetration of advisory and DPM vs. execution only

2024 Private Banking awards

Wealth Briefing MENA 2024

Private Bank - Investment Management Platform Award

Private Bank or Wealth Manager Servicing the Kingdom of Saudi Arabia Award

Private Banking Awards

Best Private Bank in UAE - (Highly Commended)

Best Private Bank for Islamic Services (Global Award)

Private Banker International Global Wealth Awards

Best Private Bank for Islamic Services

MEA Finance Awards

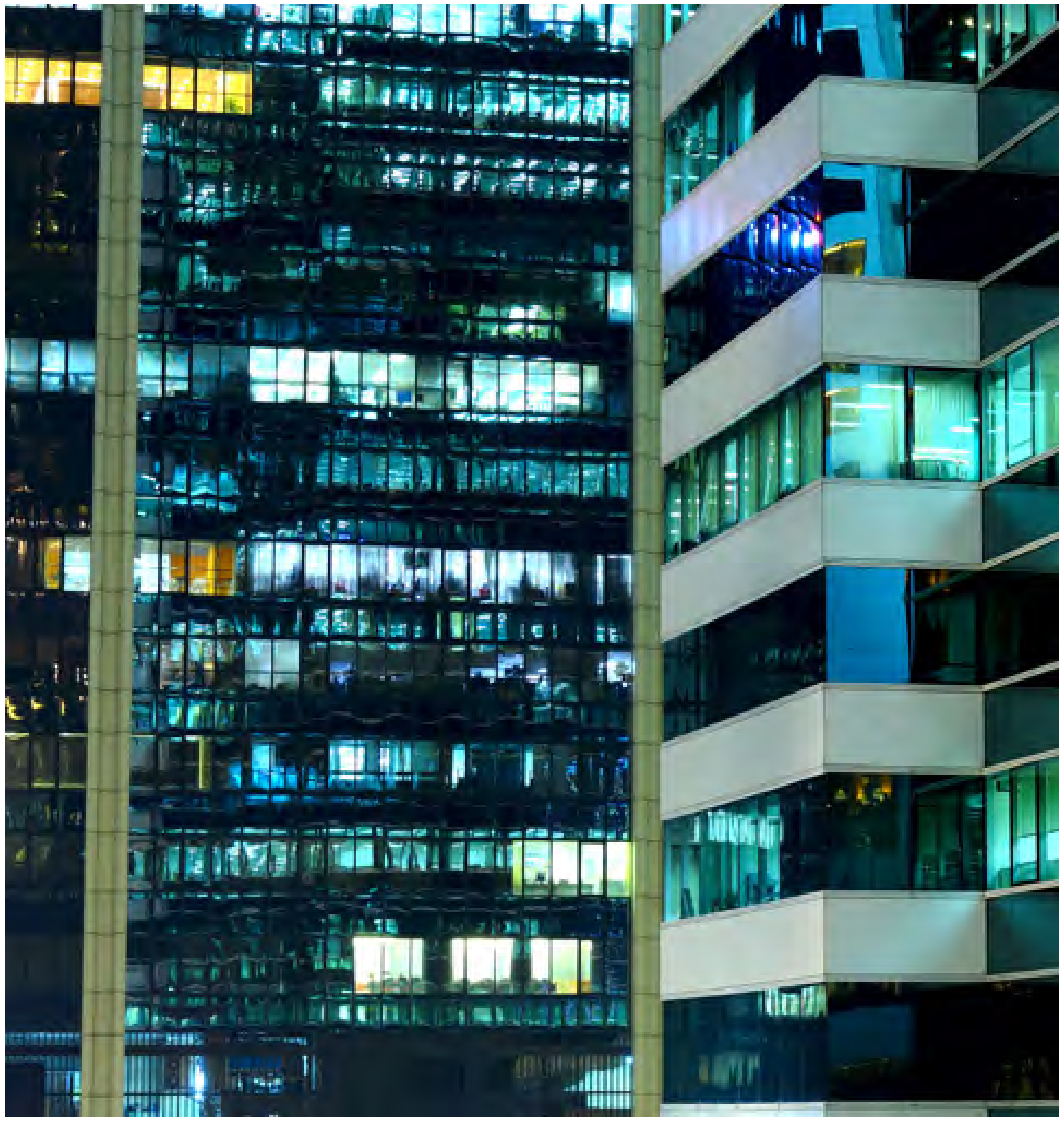
Best Wealth Management Institution for HNWIs

International Operations

FAB offers clients unparalleled connectivity across key business corridors.

With a strategic global footprint spanning 20 markets, FAB's International Operations division has cultivated a strong customer-centric approach, which deepened relationships among an expanding base of customers in 2024.

By understanding the unique needs of customers and offering bespoke solutions and connectivity across key business corridors, International Operations continues to strengthen FAB's position as the UAE's global bank.



Financial performance

In 2024, International Operations delivered strong results, reinforcing its ability to seamlessly connect clients across the Group's network. This sustained business momentum drove a **32%** yoy increase in revenue, with the Middle East and Africa (MEA) region contributing **71%** to the division's total revenue. Growth was driven by a strategic focus on acquiring new-to-bank clients, enhancing the product offering, and expanding the division's footprint across key markets.

International Operations achieved growth within the MEA, Asia, and Americas key regions. Enhanced geographical revenue diversification with a focus on priority markets resulted in an overall **23%** contribution to Group operating income.

The division continued to remain cost focused while investing in future growth, achieving a cost-to-income ratio of **28%**. International Operations' contribution to the Investment Banking Group's (IBG) revenue reached 19%, an increase of 3% yoy.

The loan book grew 14% yoy due to increased business momentum across markets, while deposits grew by 15% yoy. International Operations remains a key contributor to the Group's liquidity, with international loans and deposits representing 21% and 22% of overall Group loans and deposits, respectively.

Profit before tax increased by a remarkable **84%** yoy, reflecting International Operations' continued effectiveness in serving client needs across the Group's network. The division achieved yoy revenue growth across all its key product groups, including Global Corporate Finance, Global Transaction Banking, and Global Markets Sales.

2024 financial highlights

Revenue
AED 7.2 bn
+32% yoy

23%
Contribution to Group operating income

International loans
AED 110 bn
+14% yoy

International deposits
AED 172 bn
+15% yoy

The UAE's global bank

International Operations secured a range of landmark deals across global markets in 2024, including the United States, Brazil, the United Kingdom, Oman, and Singapore, in addition to ESG deals in India and corporate deals in Kuwait, Bahrain, and Oman.

The division strengthened product capabilities by introducing key initiatives including the launch of special non-resident rupee (SNRR) accounts in India and the successful pilot rollout of corporate internet banking in the country.

FAB International Operations also proactively engages with government and private clients around the world. In 2024, the division hosted the inaugural FAB Middle East–Asia Summit in Singapore and participated in the 2024 Summer Olympics in France, where senior management visited key clients and met with country ambassadors.

A customer-centric approach

FAB's extensive international network is a key competitive differentiator for the Group. International Operations continues to focus on connecting clients across the network through our global relationship model to provide customised solutions and unlock business potential for new and existing clients across the globe.

Active client engagement, including regular head office and International Operations senior management visits to Saudi Arabia, Bahrain, the United States, United kingdom, France, Switzerland, India, Singapore, and China (mainland and Hong Kong) continued to strengthen client relationships in 2024.

2025 outlook

In the year ahead, the alignment of International Operations within the Investment Banking Group (IBG) will create more opportunities to better serve clients across the Group's network of 20 markets.

FAB will also continue to strengthen its international presence to tap into new client bases, expanding our geographical footprint through new representative offices, branches, and local subsidiaries.

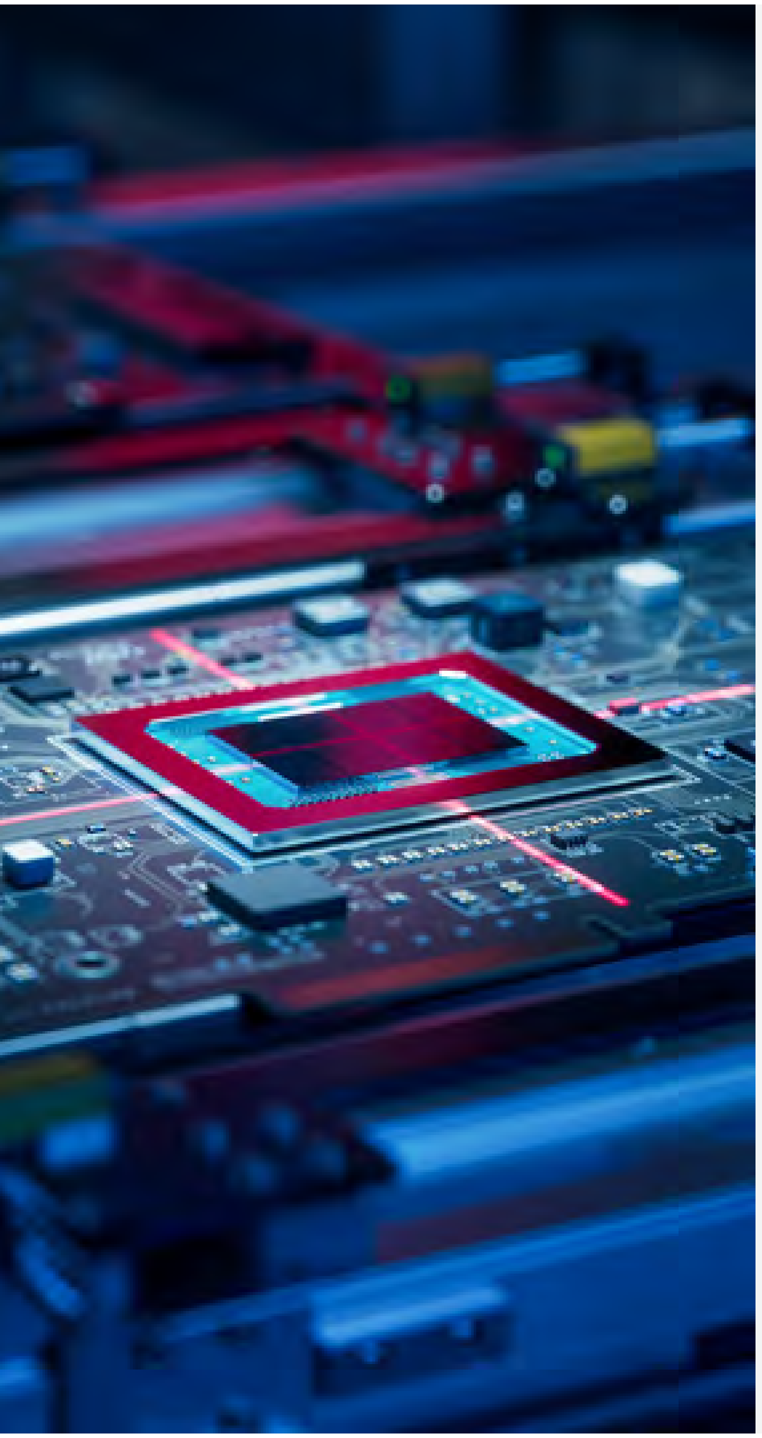
Strategic priorities

- **Onboarding new-to-bank clients across business segments**
- **Expanding FAB's international presence through key strategic business corridors to better serve clients globally**
- **Digitalisation and diversification of product mix to more sticky products and fee-based income**
- **Continuing to strengthen FAB's international expertise through a growing team of experienced professionals**
- **Strengthening governance to continuously improve risk and regulatory management**

FAB Technology

FAB is at the forefront of digital innovation and consistently provides 'best-in-class' technology for its customers.

FAB Technology is committed to transforming everyday banking, focussing on customer-centricity, creating value, and speed to market to ensure the bank remains competitive, innovative, and responsive to evolving market demands.



Our strategy is focused on five key pillars:

- Financial efficiency
- Modernisation and service improvements
- Talent and employee engagement
- Risk remediation and regulatory compliance
- Business and Technology collaboration

FAB has begun a comprehensive modernisation journey, spanning both infrastructure and applications. The bank's primary objective is to consolidate its technological resources and focus on end-to-end modernisation, which will be facilitated by expanding digital infrastructure and increasing the adoption of cloud technologies. This ambitious vision is driven by a meticulously planned five-year roadmap to ensure the seamless alignment of business and technology priorities.

Key digital achievements in 2024

FABeAccess for corporate banking customers

This one-stop shop solution addresses all corporate banking needs, offering comprehensive account services, payments, collections, and trade solutions. **By the end of 2024, approximately 60% of our customers have been migrated from the legacy platform to FABeAccess**, with the remaining 40% currently in the migration process, which is targeted to be completed by the third quarter of 2025.

FAB Business digitalisation

We digitised the onboarding process for commercial banking customers and **creating a dedicated channel for Small and Medium Enterprises (SMEs)**, offering tailored services. Key developments include:

- Know Your Customer (KYC) improvements
- SME ecosystem enhancements
- Enhanced portal features

Website digital journey

We developed an in-house credit card on SharePoint, designed to offer a smooth and consistent experience across different devices. Key features include:

- Omnichannel support, allowing customers to access the website seamlessly on desktops, tables, and smartphones
- Fast launch of co-branded credit cards, enabling quicker and easier promotion of joint products with partners
- Campaign tracking and behavioural analytics, helping us understand customer actions and optimise marketing efforts

Document management system

In 2024, we completely revamped our document management system to enable future growth. Key upgrades include:

- Application Programming Interface (API) gateway and interface migration
- New licenses for document archiving
- Captiva API for Optical Character Recognition (OCR) usable across the company
- Improved storage using Elastic File System (EFS) to Simple Storage Service (S3)

Fintechs engagement

Over 60% of our fintech projects are past or at the **Proof-of-Concept (POC)** stage, with many now live or in production.

HR next

Employee-centric processes are key to evolving our HR functions, through **simple, intuitive, user-friendly**, and anytime, anywhere self-service capabilities.

Implementing advanced functionalities in the Oracle Fusion Human Capital Management (HCM) System facilitates a Simplify, Automate and Centralise approach. The automation of processes includes **empowering employees and managers with advanced self-service functionalities,** while ensuring checks and balances are in place. This solution will reduce time spent on HR administration services, enabling the HR team to focus more on value added strategic services.

Strategic roadmap

Infrastructure consolidation

A core component of FAB's vision is the consolidation of existing infrastructure. By streamlining our technological assets, we aim to reduce redundancies and enhance operational efficiency. This will involve the closure of legacy data centres, the migration of workloads to more advanced platforms, and the adoption of innovative storage solutions.

End-to-end modernisation

End-to-end modernisation is at the heart of FAB's vision. This means upgrading our entire technological ecosystem, from the foundational infrastructure to the applications that drive our business processes. This will create a more agile, responsive, and resilient IT environment that can support our long-term strategic goals.

Digital infrastructure expansion

Expanding FAB's digital infrastructure is crucial to remain competitive in today's fast-paced technological landscape. We plan to invest heavily in cutting-edge technologies that will enhance our digital capabilities. This includes expanding our cloud infrastructure, which will give FAB the scalability and flexibility required to adapt to future challenges and opportunities.

Cloud adoption

Cloud adoption is a key pillar of FAB's modernisation strategy. By harnessing cloud technologies, we can achieve greater efficiency, reduce costs, and improve the overall performance of our IT systems. Our goal is to transition most of our workloads to cloud platforms, enabling us to take full advantage of the numerous benefits cloud computing has to offer.

Infrastructure consolidation

Infrastructure enhancement and digital transformation

In 2024 all business applications have been successfully migrated out of the Khubeirah and Khalifa data centres which are currently being decommissioned. Both data centres are expected to close in January 2025. By 2026, the Al Qurm data centre will also close with plans to operate only two data centres, Kizad and Trade Center (TCN), from 2027 onwards to manage all Group IT infrastructure.

Storage has been moved to an operating expenses (OPEX) model to eliminate the need for costly hardware refreshes every five years. Network and security appliances are currently being evaluated with potential vendors. The last remaining infrastructure component is expected to transition to an OPEX model by mid-2025.

Improving operational efficiency

In 2024, two new systems, OSTTRA STP (straight-through processing) and GoldenSource were introduced as part of FAB's Open Architecture strategy, targeting post-trade flow from external trading platforms and market data consumption. Through the implementation of real-time automation for reconciliations, these systems have significantly enhanced operational efficiency by reducing manual operations and establishing systemic controls as a foundational standard.

This has been particularly key within FAB's market risk management control oversight function, with substantial reduction in the time and effort required to manually reconcile transactions between trading platforms and Murex, and validate the end-of-day market data import for revaluation.

These technological advancements have effectively eradicated operational incidents resulting from the delayed identification of booking discrepancies, while significantly enhancing overall data quality and the reliability of third-party data sourcing. This has given FAB the confidence to explore further integration with state-of-the-art trading platforms, unlocking opportunities for increased revenue.

End-to-end modernisation

Artificial intelligence and customer centricity

Enhanced security measures:

FAB has implemented advanced security protocols to ensure the integrity and confidentiality of data exchanged through our APIs. This includes Financial-grade API (FAPI) standards and robust encryption.

Improved developer experience:

FAB has introduced a comprehensive developer portal that provides detailed documentation, code samples and interactive tools. This portal is designed to ease integration and facilitate the rapid deployment of our APIs.

Increased scalability and performance:

FAB's API infrastructure has been upgraded to manage higher volumes of requests with improved response time. This enhancement supports the growing demand for seamless and efficient data integration across various platforms.

Integration with emerging technologies:

FAB's API infrastructure now supports integration with emerging technologies such as artificial intelligence (AI), machine learning (ML) and blockchain. This enables innovative solutions and enhances the overall capabilities of our services.

Expanded API catalogue:

FAB has significantly expanded the bank's API catalogue, offering a wider range of services and functionalities. This includes new APIs for financial transactions, customer data management and real-time analytics.

	Internal	External
Benefits	■ **Operational efficiency:** The enhanced API infrastructure streamlines internal processes, reducing manual intervention and operational costs. ■ **Innovation:** By leveraging the expanded API catalogue and integration with emerging technologies, our teams can develop innovative solutions to meet evolving business needs. ■ **Data-driven decision making:** Real-time access to data through APIs empowers our teams to make informed decisions, quickly and accurately.	■ **UAE open finance:** The enhanced platform positions FAB as a driving force in the adoption of open finance across the UAE market. ■ **Improved customer experience:** Our clients benefit from faster and more reliable services, leading to higher satisfaction and loyalty. Open APIs allow for the creation of omni-channel experiences, where customers can start a transaction on one device and complete it on another. For example, a customer might begin applying for a loan on their smartphone and finish the process on their laptop without any disruption. ■ **Seamless integration:** Partners and third-party developers can easily integrate with our systems, enabling a more cohesive and collaborative ecosystem. ■ **Enhanced security:** The advanced security measures ensure that our clients' data is protected, fostering trust and confidence in our services.

Establishing a business aligned target state architecture

Over the past two years, FAB consolidated all data related to business capabilities and the IT landscape. This involved defining a business-aligned target state architecture for FAB Consumer Banking, Corporate and Commercial Banking, Investment Banking, Global Markets, Enterprise Platforms, and enablement and control functions. Achieving this clear visibility into the bank's enterprise architecture, while linking applications and projects to business capabilities, allows FAB to make informed decisions about technology investments.

As part of this work, we have identified opportunities to reduce the application landscape by 25%, through consolidation and decommissioning. In 2024, over 80% of projects reviewed by FAB's Architecture Review Board are aligned with our target state architecture, with the remaining investments required to meet regulatory requirements or mitigate risks.

As the modernisation journey progresses, FAB will be able to offer even more digitally-enabled services to our customers rapidly, and at a lower cost. Our architecture is also becoming more open so that API-based integration with partners and customers (particularly corporate customers) is easily possible. FAB is also investing in embedding Generative AI (GenAI) in multiple applications, starting with the adoption of staff facing journeys.

FAB Research and Innovation Centre

The FAB Research and Innovation Centre (FABRIC) continues to play a key role within the Group, fostering innovation in response to rapid technological change and shifting customer expectations.

2024 highlights:

↳ **FAB Mobile app:** Redesigned the FAB Mobile app based on comprehensive user research, prototyping and testing. The updated design improves user experience and is now poised for launch, with ongoing user feedback integrated into future iterations.

↳ **Blockchain and crypto exploration:** Collaborated with Hub 71 (Abu Dhabi-based global tech ecosystem/accelerator) to evaluate blockchain and crypto use cases in the UAE, a partnership that has yielded actionable insights, enabling FAB to explore potential blockchain and crypto applications, with next steps focused on pilot testing and integration.

↳ **Fintech Ecosystem:** Strengthened FAB's position within the fintech ecosystem by connecting with key internal stakeholders and attending major industry events like the Singapore and Global fintech festivals. These engagements have led to new collaboration opportunities, which will be formalised into new strategic partnerships.

↳ **Service banking:** Explored growth opportunities by evaluating high-value propositions and engaging potential partners. Three viable opportunities were identified for FAB, which will forge new strategic partnerships.

↳ **Staff banking:** Identified three key customer journeys to be digitised, based on the structured analysis of existing journeys, pain points and cross-team collaboration, which will be actioned in 2025.

Digital infrastructure expansion

Responding to evolving customer needs

The adoption of continuous integration and delivery (CI/CD) has transformed FAB's ability to deliver high-quality services that align with the rapidly evolving needs of our customers. One of the biggest gains has been the speed and accuracy of our code scanning capabilities. Manually checking code could previously take days, sometimes weeks, to ensure compliance and quality standards. With CI/CD, we can scan and verify code within minutes, allowing us to identify and resolve potential issues quickly. Our in-house governance tool, TransparenSee, further strengthens this process by giving us instant insights into pipeline compliance with Group Security Office (GSO) standards, ensuring that security and performance requirements are met immediately.

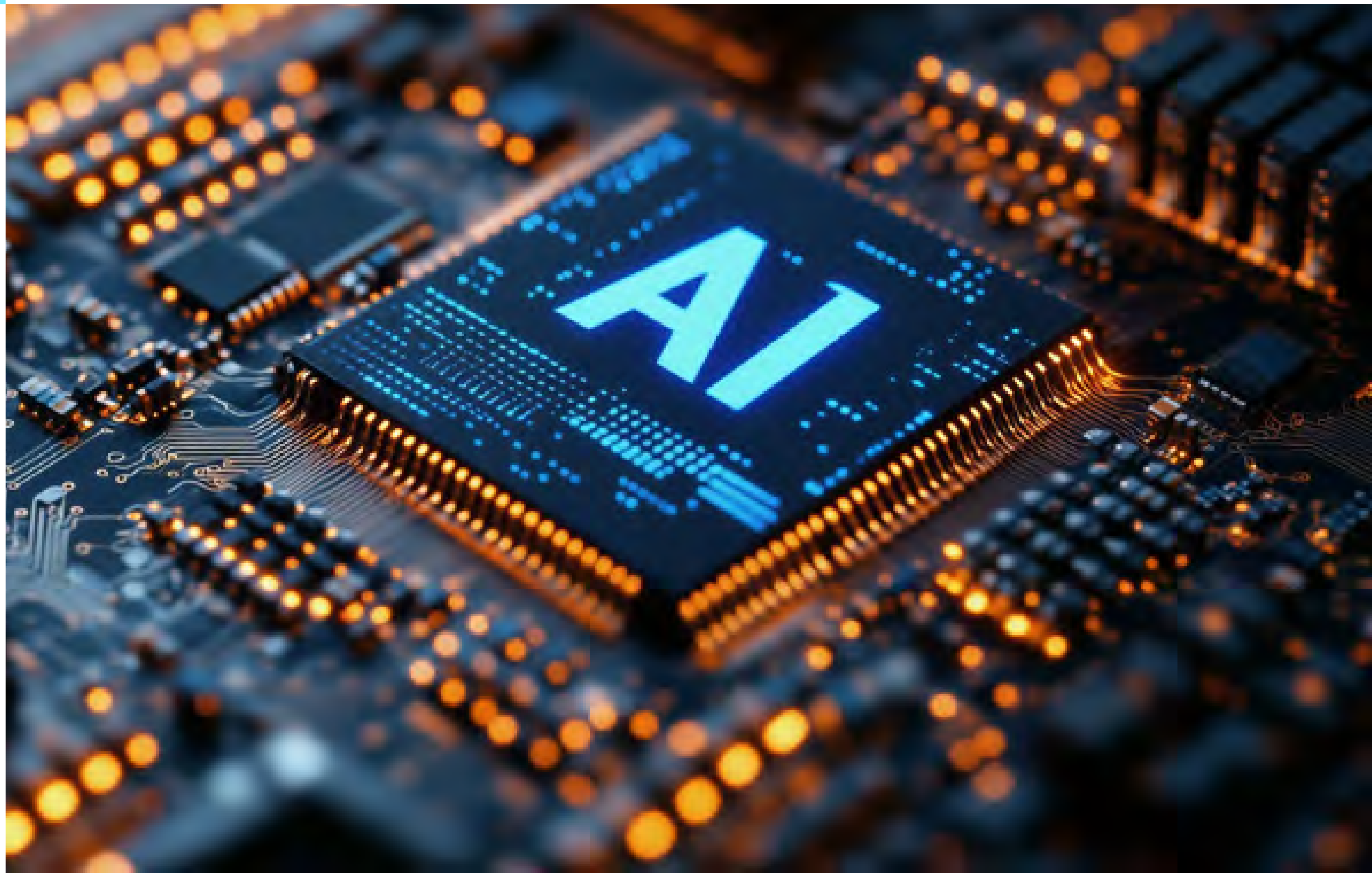
Flagship applications like Murex and Temenos T24 have exemplified this enhanced delivery model, and we are continuously onboarding new applications, such as Corp-Mobile, SME and Internet Banking / Mobile Banking (IBMB), to mention a few. They benefit from a complete development and testing cycle that's now covered by CI/CD, allowing for weekly releases with flawless deployment to production. This has enabled us to not only provide a faster time-to-market but also a level of quality that fosters customer trust, as demonstrated by our zero-incident rate in production. The agility and precision enabled by CI/CD allow us to consistently meet customer expectations, solidifying our position as a market leader. By providing reliable, continuous updates tailored to client needs, FAB maintains its market leadership and stays ahead in a highly competitive landscape.

Cloud adoption

2025 outlook

In 2025 and beyond, FAB will accelerate the usage of cloud-native architectures. These allow FAB to scale solutions based on customer demand, ensuring we meet their needs without overspending. Examples of new cloud-based functionalities coming online in 2025 include FAB's platform to support the Central Bank of UAE's open finance regulation. Once launched, open finance will have a somewhat unknown scalability requirement. By using the cloud, FAB is building a scale and cost-effective solution. FAB is also using the cloud to launch new Generative AI-based capabilities, such as a GenAI-powered advisory portal for the relationship managers serving our private banking customers.

The bank is also using the cloud for fast experimentation with fintech partners. Thanks to our cloud-based sandbox, we can conduct proof-of-concepts in weeks rather than months when we select a fintech partner.



Case Study

Infrastructure managed services programme

The infrastructure managed services programme was a strategic direction adopted by the bank to implement outcome-oriented managed services for Infrastructure to an offshore development centre (ODC). Our objectives were to:

- Ensure high-quality service delivery with reduced risk and improved compliance
- Integrate technology services seamlessly with business operations, enhancing speed and agility through automation
- Establish scalable and flexible service frameworks
- Forge industry-focused partnerships and maintain business-focused decision-making and accountability within the FAB Technology leadership team
- Drive higher efficiencies and productivity

IT infrastructure managed service

Objectives and outcomes

Key operational outcomes

>60%
Reduction in Infrastructure audit non-compliance

>60%
Reduction in unscheduled outage

>80%
Reduction in Infrastructure provisioning times

>60%
Automation of manual tasks

~99%
Patch compliance

>20%
Improved CSAT

Sustainability Review

Content

Overview of 2024

First Abu Dhabi Bank (FAB), a recognised leader in sustainability, is committed to a sustainable future for the UAE, the region, and the planet.

In line with the UAE's vision to promote sustainable economic growth, FAB recognises the banking industry's critical role in enabling the transition to a low-carbon and equitable economy.

In 2024, we made significant strides towards our target to lend, invest and facilitate AED 500 billion (USD 136 billion) in sustainable and transition financing by 2030, achieving 53% of this goal by the end of the year.

At FAB, we embed environmental, social and governance (ESG) principles in our culture, operations, and risk management practice. Reflecting our commitment to global best practice, we advanced our ESG agenda in 2024 by introducing a comprehensive Group Climate Risk Policy and Group Climate Risk Framework. We also developed a climate risk scoring and climate stress testing framework.

We engage with a diverse range of partners through events and initiatives to drive positive change for all stakeholders – ranging from employees, clients, large corporations, small and medium-sized enterprises (SMEs), and the wider communities in which we operate. As a part of this work, we co-hosted SME Day with Masdar at the World Future Energy Summit, where we engaged in vital conversations with SMEs and stakeholders about their net-zero journeys, and financing options for SME decarbonisation. This event continued our support for the COP28 SME Climate Hub initiative. Furthermore, FAB supported SMEs with AED 4.3 billion in new financing in 2024, a 30% increase from the previous year. We also hosted the Real Estate and Construction Sectorial Summit, a flagship initiative designed to convene net zero industry stakeholders on action acceleration.

We support thriving local communities. Our employees and their family members contributed a total of 25,177 volunteer hours in 2024, supporting a wide range of social and environmental programmes. We engaged the future workforce on sustainability through the FAB Future Business Leaders Initiative, a competition focused on university students, and our staff contributed to restoration of coral reef ecosystems in Abu Dhabi.

In 2024, FAB reinforced its position as a regional leader in sustainability. FAB was elected as the Chair of the NZBA Steering Group and selected as the co-chair of the Middle East and North Africa (MENA) chapter for the Partnership for Carbon Accounting Financials (PCAF). FAB was also recognised as the most sustainable company in the Middle East and Africa and among the World's 500 Most Sustainable Companies of 2024 by TIME magazine and Statista. Our efforts and commitments have been recognised, with FAB receiving multiple awards, such as the ESG Excellence award in Banking and Finance from the 2024 MEA Business Achievement Awards and the Best ESG and Sustainability Report in the Middle East (Large Cap category) from MEIRA IR Awards.

FAB's strong ESG credentials include an AA rating from MSCI ESG. The bank is also recognised as the best bank in the Middle East based on its LSEG ESG score and it is among the top 5% of performers in the global banking industry.

This report highlights our achievements and progress against key targets and commitments, demonstrating our continued dedication to supporting the UAE's transition towards a resilient, net zero economy.

Looking ahead, we remain dedicated to using our presence across the region to champion the transition towards a more sustainable, diversified, and equitable future for all.

2024 Highlights

Transitioning to a low-carbon future	Capitalising on our social responsibility	Transforming our governance model
Sustainable and transition finance	**Financial inclusion**	**ESG risk and ratings**
Facilitated **AED 267 bn** in sustainable and transition finance by 2024, reaching 53% of the AED 500 bn target set for 2030	Supported SMEs with **AED 4.3 bn** a 30% increase from 2023	**Best Refinitiv ESG Score Top 5% worldwide**
Facilitated **AED 140 bn (USD 38 bn)** of sustainable finance in 2024	Co-hosted SME Day at the World Future Energy Summit and gold sponsor of Make it in the Emirates	Among highest rated MENA banks by MSCI with AA ESG rating, placing FAB within ESG leader category
Total green bond outstanding at **AED 13.4 bn** Total green sukuk outstanding at **AED 1.3 bn** Launched green mortgages with **AED 57 mn** outstanding	FAB has issued three social bonds worth **AED 301 mn**	Constituent of the FTSE4Good Index Series

Transition planning	Empowering an inclusive workplace	ESG and climate risk policy
Joined PCAF MENA chapter as Co-Chair to promote the transition in MENA region Hosted the Sectorial Summit 2024 on sustainability for the real estate and construction industries Assessed transition maturity of our corporate loan book, accounting for > 95% of financed emissions across our eight priority sectors to develop a client engagement framework for net zero transition planning	Emiratisation rate of **47%** progressing towards our target of 50% by 2026 **16%** of senior leadership positions held by women, up from 9% in 2021	Implemented a Climate Risk Framework and a Climate Risk Policy

Nature	Social responsibility	Recognition
FAB partnered with Archireef to support coral reef restoration and conservation in Abu Dhabi waters. The first deployment was done in October 2024, placing 227 reef tiles in a location identified by the Environment Agency Abu Dhabi	Reduced working hours from 40 to **32 per week**	FAB was elected Chair of the NZBA Steering Group
Participated in the COP16 Convention to Combat Desertification in Riyadh and launched a whitepaper on water titled "Nature-positive pathways in MENA: Enhancing water sustainability and resilience". FAB also represented the UAE's transition journey at COP29.	Total volunteering hours: **25,177** Signatory to the UN Women Empowerment Principles	Ranked as the most sustainable company in the Middle East and Africa and among the World's 500 most Sustainable Companies by the TIME Magazine and Statista

Our ESG Strategy

Paving the way towards a sustainable, resilient, and inclusive economy

In line with our commitment to support the UAE's vision to promote sustainable economic growth, FAB remains committed to implementing its ESG strategy and achieving meaningful progress in collaboration with our stakeholders.

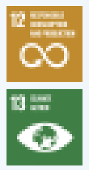
FAB's ESG strategy focuses on three pillars

We have set KPIs in each of the three pillars to achieve our ESG ambitions.

Transitioning to a low carbon future

To become the model sustainable FI in the MENA region.

To act in partnership with our stakeholders to accelerate the transition to a net zero society and economy.



This pillar outlines FAB's approach to net zero transition, climate resilience, and a circular economy:

- UAE's regional leader in sustainable finance.
- Embedding ESG as part of vendor sourcing.
- Carbon intensity reduction.
- Support our clients in their transition towards a low carbon future.

Capitalising on our social responsibility

To expand access to financial services for all – in particular, underbanked groups.

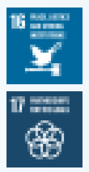
To foster a diverse, inclusive, and equitable organisation.

This pillar outlines FAB's approach to social responsibility, including diversity, women's empowerment, education, and financial inclusion:

- Diversity, equity, and inclusion across the bank.
- Gender diversity embedment.
- Emiratisation focus.
- Strategic focus on financial inclusion.
- Drive social responsibility efforts.

Transforming our governance model

We are committed to the highest standards for ESG accountability, transparency, and risk management.



This pillar outlines FAB's approach to ESG governance, including identifying incentives linked to ESG and the responsible use of data:

- ESG KPIs and performance disclosure.
- Remuneration incentives linked to ESG.
- Whistleblower policies and processes.
- ESG-driven governance structures.
- Embed ESG risk framework.

Transitioning to a Low-carbon Future

FAB has implemented a range of key initiatives and commitments to deliver on its decarbonisation ambitions, including supporting renewable energy, energy efficiency, and other environmentally and socially conscious projects.

To ensure accountability, we have published net zero targets for both our operations and portfolio. Furthermore, we continue to monitor and measure our progress towards achieving these targets.

As a signatory to the NZBA and PCAF, we are committed to industry collaboration. To support our transition journey, we actively engage with our clients and use insights from outreach efforts, along with guidance from the Glasgow Finance Alliance for Net Zero (GFANZ), NZBA, climate related regulatory and best practice frameworks to enhance our bank-wide Climate Transition Plan. Our commitments and actions are aligned with the UAE's Net Zero by 2050 strategic initiative and the Paris Agreement.

To advance the low carbon agenda, we actively engage with regional stakeholder to push forward the carbon transition agenda. We play an active role in initiatives promoting sustainable finance, such as the United Nations Principles for Responsible Banking.

In 2024, we expanded our work to help our clients transition to a low-carbon and nature-conscious future. These commitments are detailed in FAB's inaugural report on nature, aligned with recommendations from the Taskforce on Nature-related Financial Disclosures (TNFD).

Our Sustainable Transition Journey

The chart below, outlines our journey to date in fostering a resilient and sustainable transition, highlighting key milestones and achievements along our journey.

2010
First Sustainability Report published by FAB (then NBAD)

2015
FAB becomes the first and only UAE bank to be **a signatory to the Equator Principles**

2016
Committed to lend, invest and facilitate **USD 10 bn** by 2026 to sustainable activities

2017
First MENA bank to issue a Green Bond

2019
Committed to implement the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD)

FAB became a **signatory to the Abu Dhabi Sustainable Finance Declaration**

2020
Facilitated over USD 35 bn of sustainable financing between 2015 to 2020

2021
Group ESG strategy finalised and approved

FAB became **signatory of Net Zero Banking Alliance (NZBA)**

Target to lend, invest, and facilitate business of **USD 75 bn by 2030**

Facilitated **USD 11.3 bn** of sustainable finance

2022
Set baseline for financed emissions for net zero pathway

Facilitated AED 9.1 bn of sustainable finance

Signatory to Partnership for Carbon Accounting Financials (PCAF)

2023
Implemented TCFD recommendations and published first TCFD report

Applied emission reduction net zero **targets to 8 high-emitting sectors** with loan portfolio (representing 90% of financed emissions)

Ceased new financing for **coal-fired mining and coal-based power generation**

FAB's **Transition Plan published**

Strategic pathway partner to COP28

Increased target to lend, invest, and facilitate sustainable or transition projects: **AED 500 bn (USD 136 bn) by 2030**

2024
Facilitated AED 267 bn of sustainable finance projects, **reaching 53% of the AED 500 bn** by 2030

Issued first social bond

Became co-chair of PCAF MENA chapter

Elected as Chair of **Net Zero Banking Alliance (NZBA)**

2030
Reduction of carbon intensity for high ESG risk sectors

Achieve sustainable finance target of AED 500 bn to lend, invest and facilitate sustainable and transition activities

Achieve Net Zero from **own operations** (Scope 1 and Scope 2)

2050
Net zero carbon emissions

Financing the low-carbon transition

In support of the UAE's ambition to become net zero by 2050, we are committed to supporting the green transition, using sustainable finance as a key tool for fostering positive change, as well as a unique opportunity to unlock new business avenues, innovative products and meaningful client relationships.

To accelerate decarbonisation efforts and support critical transition initiatives, FAB has pledged to lend, invest, and facilitate AED 500 billion (USD 136 billion) in sustainable and transition financing by 2030. By the end of 2024, we achieved 53% of the target.

Our net zero journey: A focus on financed emissions and transition planning

In March 2023, FAB announced emissions reduction targets for the highest-emitting sectors within our portfolio. Detailed updates on progress against interim targets at a sector level will be published in our 2024 ESG report.

As part of our 2030 financed emissions reduction target, we are developing a transition strategy focused on supporting clients in their decarbonisation journeys. Client engagement will form a core component of the strategy, assessing client progress and readiness to decarbonise. In 2024, we conducted a thorough review of sustainability disclosures and public decarbonisation commitments for our highest-emitting clients. These clients account for over 90% of our financed emissions across the eight priority sectors.

This evaluation enables us to build a bespoke approach to engage with each client, ensuring that our advisory and financing solutions are aligned with their decarbonisation maturity and specific sectoral dynamics, to accelerate the pace of our portfolio transition.

Further detail on the progress of our financed emission intensities for 2023 will be made available in the 2024 ESG Report.

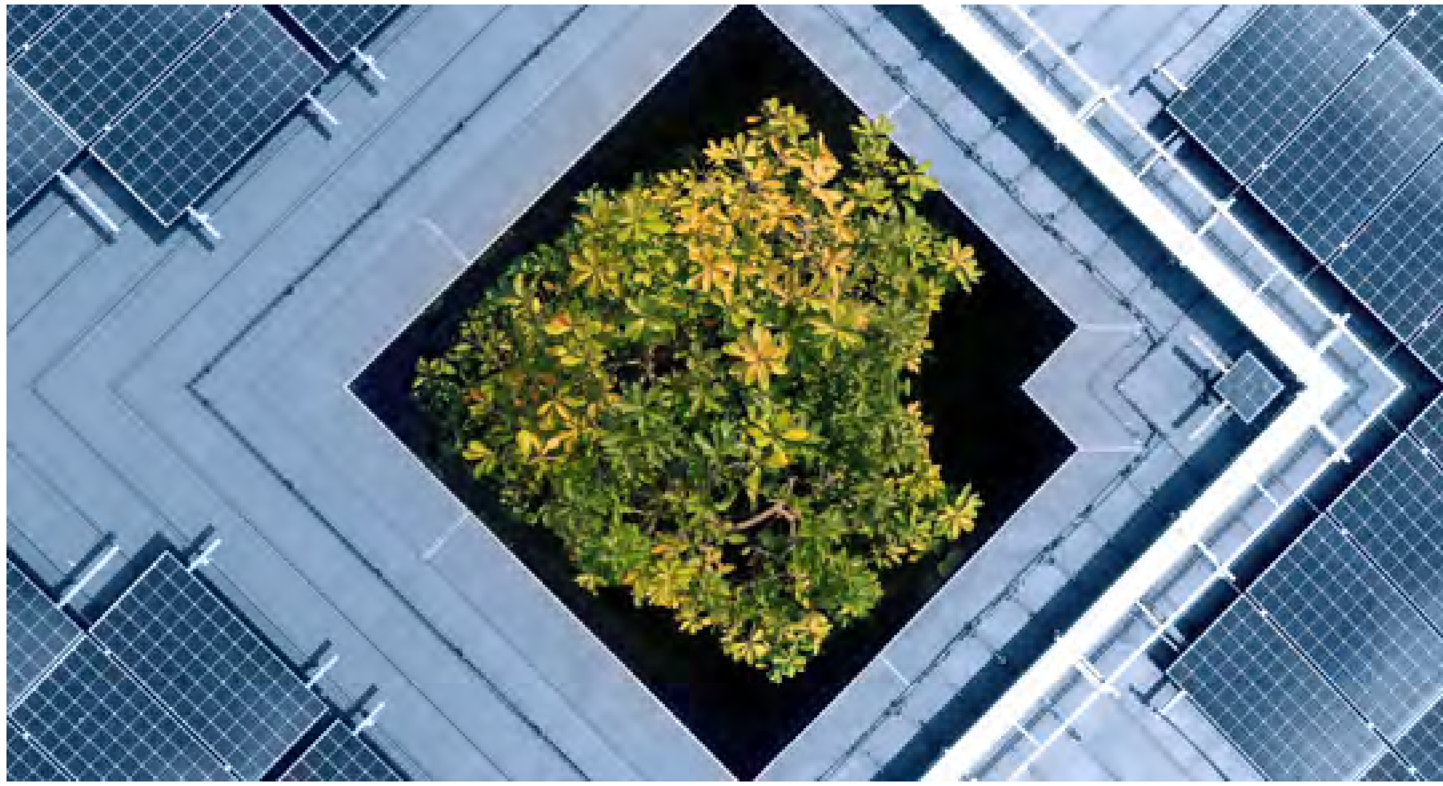
Sustainable finance highlights

FAB issued its first social bond, and an additional two were issued in 2024, bringing the total outstanding amount to AED 300.9 mn.

Leading the transactions in the green bond and green sukuk market with **AED 15 bn (USD 4 bn)** outstanding across 14 green bond and 1 green sukuk issuances, across 6 currencies.

Launched new green mortgages.

Issued a **USD 800 mn** green Formosa bond in 2024.



Our net zero journey: Operational emissions

FAB's Net Zero Carbon Roadmap, detailed in our 2023 year TCFD report, provides information on our pathway to net zero emissions from our operations. The report outlines the four key levers that will guide our efforts to achieve net zero from our operations by 2030.

Our net zero carbon roadmap

Energy efficiency	Adopting efficient solutions for data centre cooling systems will be key to reducing our refrigerant fugitive emissions.
Renewable energy	We will source renewable electricity through clean energy certificates once available in our main markets of operation (UAE and Egypt). At our UAE sites, we are targeting 100% renewable electricity by 2030.
Fleet electrification	We plan to launch a fleet electrification initiative, transitioning up to 100% of our leased and owned company cars in UAE and Egypt to electric vehicles.
Carbon offsetting	To address emissions that are not abatable, we will source carbon credits from reliable organisations to support high-integrity sustainable projects.

To decarbonise our operational emissions, we measure our greenhouse (GHG) emissions across scopes 1, 2 and 3, tracking our progress towards achieving net zero corporate emissions by 2030.

We also monitor evolving international guidelines and emissions calculation methodologies, continuously refining our data collection processes and GHG accounting practices to improve the accuracy of emission factors, as well as the operational and organisational boundaries of our input data.

In 2024, our methodology did not change, however, we updated our emissions inventory as more data became available. This in return enables us to be better aligned with the GHG Protocol and supports a more accurate performance measurement.

Operational emissions performance

Emissions performance summary

In 2024, a series of initiatives were implemented across our UAE and Egypt operations to reduce our environmental impact. These included the replacement of existing chillers, obtaining LEED and ISO14001 certifications, and enhancing the efficiency of heating, ventilation, and air conditioning (HVAC) systems.

As a result, our GHG emission intensity per FTE (a representative metric we used to reflect emissions generation, relative to the scale of our organisation) decreased by 36% against our baseline year of 2019, alongside a 10% decrease relative to 2023.

Scope 1

Our absolute scope 1 emissions decreased (36%*) in comparison to our 2019, baseline, with 5,813 tCO_2e* in 2024. Comparatively to 2023, our estimated Scope 1 emissions for 2024 was 11% lower due to reduced levels of fuel consumption and refrigerant usage.

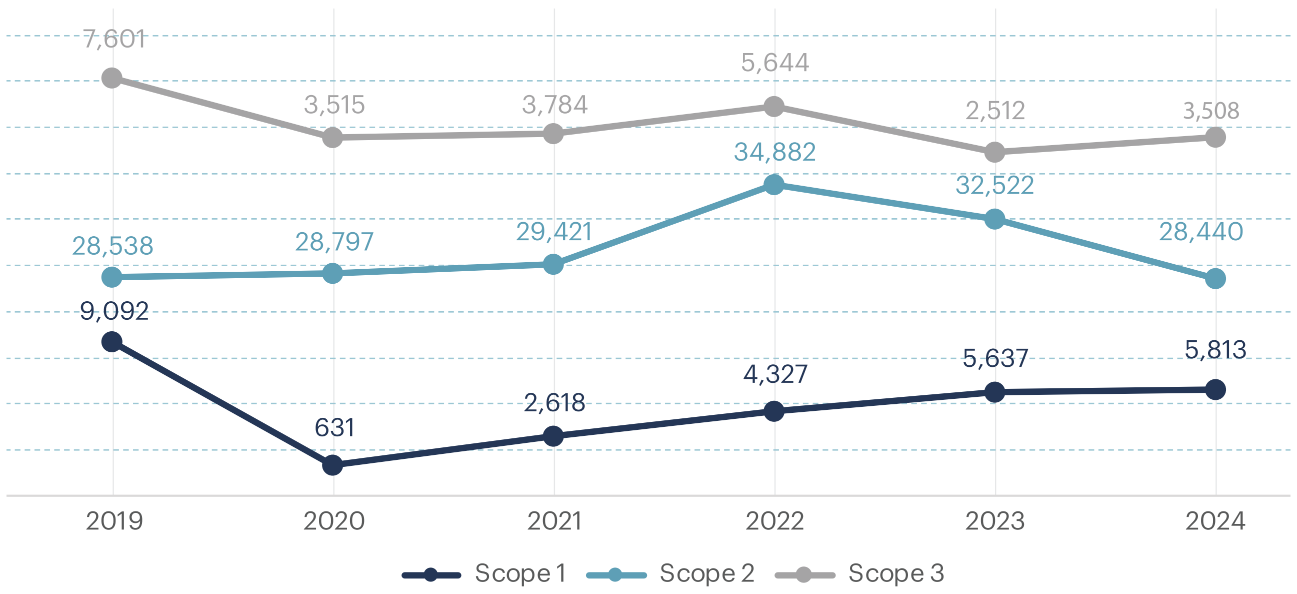
Scope 2 and 3

With the sustainability initiatives implemented, we note a reduction of Scope 2 emissions of 13%* in 2024 from 2023.

Total Scope 3 emissions for 2024 were higher* than 2023 values as result of increased business travel.

Emissions	Unit	Scope	2019	2020	2021	2022	2023	2024 (Estimate)
Scope 1	tCO_2e	UAE and Egypt	9,092	631	2,618	4,327	5,637	5,813
Scope 2	tCO_2e	UAE and Egypt	28,538	28,797	29,421	34,882	32,522	28,440
Scope 3	tCO_2e	UAE and Egypt	7,601	3,515	3,784	5,644	2,512	3,508
Total GHG Emissions	tCO_2e	UAE and Egypt	45,231	32,943	35,823	44,853	40,671	37,761
GHG Emissions Intensity (Scope 1 and Scope 2)	tCO_2e/FTE	UAE and Egypt	6.90	5.82	6.3	5.75	5.49	5.29

Scope 1, 2 and 3 GHG emissions, 2019 – 2024



* Estimated figures have been used for 2024 as the final figures were not avilable at the time of preparing this report. Furthermore, these numbers are subject to limited assurance.

Engaging and collaborating with stakeholders

As we work towards unlocking the opportunities of a sustainable transition, collaborating with stakeholders to understand value chains, address challenges, build capabilities and foster consensus on critical actions to drive progress has never been more important.

In 2024, we continued to engage with clients and assess their sector value chains through a decarbonisation lens during the FAB Sectorial Summit Initiative, which brought stakeholders from across the region's real estate and construction sectors together.

FAB continued to build capacity through the 2024 cohort of the 'Sustainability Frontiers' programme – a bank initiative developed in collaboration with the Emirates Foundation and International Institute for Management Development (IMD). The programme is designed to improve corporate leaders' understanding of sustainability issues as a fundamental part of business transformation. We also engaged with university students through our FAB Future Business Leaders competition, and hosted three university roadshows to encourage students to consider the role of sustainability in their chosen area of study and future career.

We represented the UAE's transition journey on global stages, including at COP29 in Baku and COP16 in Riyadh. In August 2024, FAB was appointed the chair of the Net Zero Banking Alliance Steering Group with the Group CEO as principal and Group Chief Sustainability Officer as representative.

This was followed by FAB's appointment as co-chair of PCAF's newly established MENA chapter. PCAF's goal is to enable financial institutions to assess and disclose greenhouse gas emissions associated with financial activities. Through these leadership roles, FAB aims to represent the region's capabilities and ambitions in supporting the global transition to net zero.

Addressing climate change

Our Group Climate Risk Framework (the Framework) and Group Climate Risk Policy, outline the bank's approach to climate risk management – particularly the Framework's risk driver analysis, which identifies climate risk drivers and their potential impacts in other risk categories within FAB's enterprise management.

Our climate risk measurement approach, contained in the Framework, is supported by scoring and stress testing frameworks that collectively enable FAB to capture climate risk profile developments and assess our exposure under various climate scenario pathways.

As part of our evolving effort to address climate change, FAB has enhanced its governance structure, clearly defining roles and responsibilities for climate-related risks with a robust framework in place to identify, measure and monitor climate-related risks.

In 2024, the bank successfully completed its stress testing for the Hong Kong Monetary Authority. Going forward, we will utilise the new framework for the UAE Central Banks annual bank stress test exercise. The implementation of our scoring and stress-testing frameworks initiated in 2024 will roll over into 2025, expanding in scope as we further enhance our methodologies and integrate relevant tools into our business and risk strategy.

FAB's approach to nature

We understand that for communities and economies to thrive, nature is essential. As such, organisations across all sectors, including our own, have a responsibility to restore and protect it. At FAB, this responsibility includes supporting clients in the implementation of nature-based approaches, while engaging with all stakeholders to align economic and financial systems with the pursuit of a net zero, nature-positive, and equitable future.

Our commitments to nature are detailed in our TNFD report.

Capitalising on our social responsibility

At FAB, enhancing the wellbeing of our customers, employees and the broader community is a core focus. For our clients and customers, we strive to support their transition to a sustainable future by offering accessible financial services to all segments of the population in a fair and transparent manner.

Internally, we are committed to fostering a supportive, diverse, and inclusive workplace for our employees. On a community level, we actively invest in programmes that contribute to societal development and environmental restoration, to support building resilient communities.

Financial inclusion: the vital role of SMEs

SMEs are key contributors to job creation, innovation, and overall economic growth, as emphasised by the UAE National Agenda for Entrepreneurship and SMEs. Accordingly, the financial services sector is taking note and launching programmes to support these businesses, aligning with the UAE's vision of economic diversification.

At FAB, our commitment to financial inclusion includes providing tailored products and services, along with the necessary support and advice that empowers SMEs to thrive and achieve their long-term goals. In 2024, FAB supported SMEs with AED 4.3 billion in new financing, a 30% increase from 2023.

FAB is also committed to supporting SMEs as the world transitions towards a low-carbon economy. In 2024, FAB entered a pilot programme partnership with UAE-based SME CarbonSifr to support corporate and SME clients with their Scope 1, 2, 3 GHG emissions measurement and provide guidance on emission reduction methods.

FAB uses various opportunities to support SMEs including, hosting client gatherings, and maintaining a strong presence at key summits, such as the World Future Energy Summit's SME day, through which FAB continued to promote the COP28 and SME Climate Hub for MENA. FAB also hosted client gatherings and events such as the recent Real Estate and Construction Sectorial Summit.

FAB concluded a successful Make it in the Emirates 2024 Forum, where the bank reaffirmed its commitment to Ministry of Industry and Advanced Technology's visionary mandate to 'Invest. Innovate. Grow.', propelling the UAE's economic and industrial future.

Diversity and inclusion in the workplace

FAB takes pride in being a diverse and inclusive employer, fostering an environment where every staff member feels valued and empowered to thrive. Our employees represent 95 nationalities, and we are advancing our efforts towards the Gender Equality Acceleration Pledge made with the UAE's Gender Balance Council in 2022 and the UN Women Empowerment Principles in 2024, with a goal of increasing female representation in senior leadership roles to 40% by 2030. At a Group level, FAB female employees represent 43% of permanent employees, of which eight are in senior leadership roles.

Our efforts to achieve gender balance include, but are not limited to, ensuring fair hiring practices with equal male and female candidate representation for all senior roles, providing equal opportunities for training and development, promoting fair and balanced promotions, reporting on pay parity, providing increased flexibility for work-life balance and offering parental leave benefits that go beyond regulatory requirements. We also have measures in place to tackle any form of discrimination.

Emiratisation

FAB offers a wide range of dynamic growth and development opportunities for UAE nationals, actively supporting the UAE's Emiratisation agenda.

In 2024, FAB achieved an Emiratisation rate of 47% and remains dedicated to improving representation throughout the bank as part of its Emiratisation strategy. Additionally, female UAE national employees represent 74% of our overall Emirati workforce.

To support the growth and development of UAE nationals, FAB organises leading development centres to identify skill gaps and tailored development programmes to align with business or role-specific needs. The bank also sponsors UAE nationals to pursue higher education qualifications through the bank's Education Assistance Scheme.

UAE nationals can benefit from exposure to international experiences as part of FAB's Global Mobility programme. The programme provides UAE nationals with the opportunity to work across FAB's international offices, broadening their skills and building relationships with colleagues from different backgrounds and cultures.

FAB also offers the Ethraa programme in partnership with the Emirates Institute of Finance (EIF), a programme designed to attract and develop young Emirati talent by building their knowledge of banking products and services.

Our new Bedaya programme dedicated to UAE national students in their second or third year of university, offering them exposure to the banking sector and an opportunity to explore potential career paths at FAB after graduation.

In 2024, FAB launched three new programmes tailored for mid and senior-level UAE nationals, providing targeted learning and development support to accelerate their career growth at FAB. These programmes include:

1. Al Qyadah programme – designed to fast-track Emirati talent to senior management levels at FAB
2. Al Reyadah programme – developed to help talent from other industries transition into the banking sector within business development roles
3. The International Business Relations programme – developed to attract talent into FAB to represent our brand globally

These initiatives are the building blocks of a transformative journey in a work environment that fosters innovation, engagement, and a sense of belonging – ensuring FAB continues to represent opportunity and growth for every member of our team.

Engaging our employees

We recognise that employee wellbeing is directly linked to their engagement and satisfaction. As such, we are committed to nurturing employee engagement through a variety of programmes and initiatives, including:

- **The Engagement Ambassador programme,** acts as catalysts for organisational change, spanning across 13 divisions with varying themes, such as culture, wellness, and youth.
- **The Youth Council** (YC) was established as a subset of the FAB Engagement Ambassadors programme. The YC will represent FAB in external young professional engagements and act as a voice for their constituents with the FAB leadership team.
- **Reduced working hours**, in addition to flexible work arrangements such a work-from-home Fridays, flexible working days, and increased leave provisions, FAB has permanently reduced working hours from 40 to 32, both locally and internationally, enhancing our work-life balance.

At FAB, we continuously enhance our systems, to streamline interactions and processes. FAB has embarked on a HR transformation journey, with key highlights for 2024 including the introduction of an AI-powered HR Digital Assistant, capable of answering all administrative HR enquiries. Updates have also been made to the UFIRST app (FAB's global HR app for managing HR needs), with a focus on self-service features that enable staff and managers to action HR requests instantly and on the go.

Investing in our communities and community engagement

Corporate social responsibility

FAB invests in a wide range of corporate social responsibility (CSR) programmes to address pressing social challenges, foster education and opportunity, and champion environmental stewardship. By collaborating with partners and stakeholders, we amplify our impact, creating long-term value for both people and planet.

In 2024, FAB continued to drive positive change by gathering volunteers, fostering meaningful partnerships, and supporting communities in need, both locally and internationally. Throughout the year, 9,223 FAB volunteers and their families dedicated 25,177 hours to a variety of environmental and social programmes across the UAE, collaborating with 45 organisations and participating in 60 unique initiatives.

Highlights of our 2024 CSR activity included:

Supporting biodiversity and driving climate action

In alignment with the UAE's second 'Year of Sustainability' and legacy as the host of COP28, FAB implemented a range of environmental initiatives throughout 2024, including the deployment of artificial coral reefs and hosting community gardening workshops, to reinforce a commitment to biodiversity and climate action.

The Green Journey	FAB's Green Journey initiative, created to introduce young minds to organic gardening and food sustainability, conducted five gardening and sustainability sessions across three emirates. More than 360 children and youth were reached through collaborations with community organisations including people of determination centres, schools, and women's clubs.
Archireef: Helping marine ecosystems recover	FAB's relationship with nature tech company Archireef continued in 2024, with dive-certified FAB staff visiting the artificial reef tiles installed in Abu Dhabi waters. FAB customers will be invited to witness these vital marine habitats in future phases, with awareness workshops also planned.

Education and community awareness

Corporate education and community awareness initiatives remain at the heart of FAB's mission to foster a more knowledgeable, engaged, and resilient society.

Executive Education programmes: • Frontiers in Finance • Frontiers in Sustainability • Frontiers in Private Equity • Frontiers in Data Analytics and Artificial IntelligenceCAPM Hackathon	Since 2021, FAB has invested heavily in regional leadership development through its Executive Education programme, which connects regional talent to the world's best learning institutions including Yale University, the University of Oxford, the International Institute for Management Development and Khalifa University. In 2024, more than 120 senior executives and leaders from 50+ local, regional and global organisations participated in five programmes over 35 days: Frontiers in Finance, Frontiers in Sustainability, Frontiers in Private Equity, Frontiers in Data Analytics and Artificial Intelligence, and theCAPM Hackathon.
Darb Al Salama – Road safety	FAB and Abu Dhabi Police collaborated on a road safety conference and awareness campaign.
Sheikha Fatima Fund for women **Refugees resilience and renewal: women refugee health in a changing climate conference**	FAB sponsored the Sheikha Fatima Fund for Women Refugees initative's 'Resilience and Renewal: Women Refugee Health in a Changing Climate' conference in October 2024. The conference, held at Abu Dhabi University, focused on the impact of climate change, conflict and a lack of healthcare on refugee women and their families, as well as solutions to these challenges.

Social impact

FAB implemented a range of social initiatives during the year to foster solidarity, compassion, and support for those in need. By promoting inclusion and kindness, our aim is to strengthen the social fabric of local communities.

Pre-Ramadan campaign: Minutes of Giving	More than 300 FAB employees dedicated 1,500 hours to packing and distributing essential items to needy families through the Zayed Charitable and Humanitarian Foundation in Abu Dhabi.
Ramadan campaign: Aftir	Throughout the holy month, 7,000 volunteers dedicated 10,500 hours to prepare and distribute over 55,500 meals to families in need, reaching more than 200,000 individuals across all seven emirates. FAB's flagship Ramadan campaign was organised in collaboration with multiple charities, including Al Itihad Charity Foundation, Beit Al Khair and the Zayed Charitable and Humanitarian Foundation.
Orphan care	Kiswat Yatim, an Eid initiative sponsored by FAB, brought joy to 50 orphans in the form of new Eid clothes and shoes. In collaboration with the Watani Al Emarat Foundation, 25 FAB volunteers dedicated over 75 hours to accompany the children. FAB also provided 150 orphans with school supplies to help them start the school year with renewed confidence.
Celebrating elders	To mark International Day for Older Persons, more than 55 FAB volunteers travelled across the UAE to celebrate the nation's elders, partnering with Abu Dhabi Police, Sharjah's Home for the Elderly and its Social Services Department and Dubai Police, Dubai Municipality and the Emirates Society for Parents' Care and Relief. For UAE Flag Day, FAB visited the homes of 100 senior Emiratis across Dubai to install new flags and help them celebrate the nation.
UAE Nationals group wedding	FAB sponsored an Emirati group wedding in collaboration with Parents Care.
UAE stands with Lebanon	In October 2024, more than 90 FAB volunteers contributed 450 hours to pack aid supplies destined for more than 10,000 individuals affected by the crisis in Lebanon as part of the national 'UAE Stands with Lebanon' relief drive.

Sports

Aligned with the National Sports Strategy, FAB is advancing the UAE's vision of greater participation in sports and physical activity. Our efforts focus on expanding access to diverse sports, developing skilled professionals, nurturing young talent and enhancing the UAE's presence in regional and international arenas.

A more in-depth look at FAB's CSR activities is included in the Corporate Governance section.

Baniyas Fun Run	Alongside the Abu Dhabi Sports Council and Abu Dhabi Municipality, FAB sponsored the Baniyas Fun Run in 2024. The event drew 1,000 participants from the community, with FAB volunteers rewarding the winners.
Cycle for a Cause	More than 160 amateur cyclists contributed 192,293km to raise funds for various charity organisations across the UAE.
UAE Jiu-Jitsu Federation	Through FAB's sponsorship and active involvement, the FAB Jiu-Jitsu Academy at Zayed Sports City has become a thriving hub for youth development, providing over 1,000 students aged 4 to 16 with daily, high-quality jiu-jitsu training.

Transforming our Governance Model

It is widely recognised that financial institutions have an important role to play in effectively addressing ESG challenges – for their businesses, customers, the wider industry, and society at large.

At FAB, ESG principles have been fully integrated into our core governance framework, with dedicated committees overseeing the development and implementation of the Group's ESG strategy, frameworks, and policies. We are cultivating a corporate culture that reflects the significance of ESG matters in business, fostering collaboration and capacity building across various business lines.

The Board of Directors directs our ESG ambitions in an ethical and transparent way to ensure long-term performance and sustainability. The Board's strategic direction for ESG is communicated to the wider Group through the Board Risk and ESG Committee (BRESGC), with support from the Group ESG Committee (G-ESGC) in overseeing ESG strategy, culture, and awareness, and shaping FAB's net zero pathway plans.

G-ESGC represents the highest authority at management level for all ESG decision-making across the Group. It is supported by the ESG and Sustainable Finance Committee (ESG-SFC), which monitors the implementation of the ESG strategy, policies, and Sustainable Finance Framework.

FAB's ESG direction is disseminated across the organisation through a group-wide ESG Framework, alongside policies and strategies developed by the Group ESG team and implemented by FAB senior management.

Structural overview of ESG governance

Committees with ESG roles

Tier 1

Board of Directors → Board Risk and ESG Committee (BRESGC)

BRESGC has the highest authority over the Group's enterprise-wide Risk Strategy and Risk Profile, approves Risk Appetite Framework and oversees the Group Corporate Governance framework.

Group ESG Committee (G-ESGC) → Group Compliance Committee

Group Risk Committee (GRC) → Group Operational and Fraud Risk Committee (GOFRC)

G-ESGC oversees the ESG strategy, net zero plans, ESG culture and awareness, setting the direction and strategy in alignment with the Board.

Group Risk is the approving committee for ESG and climate risk related matters.

Tier 2

ESG and Sustainable Finance Committee (ESG-SFC)

Credit Execution Committee (CEC)

ESG-SFC is responsible for monitoring the implementation of the ESG strategy, net zero emission pathways, ESG risk appetite metrics across operations and portfolios, as well as evaluating and endorsing all new proposed use of proceeds of green bonds and other sustainable-finance transactions.

ESG organisational structure

Leadership Team

Group Chief Executive Officer (GCEO)

Group Chief Risk Officer (GCRO)

Implement the ESG strategy, framework and policies based on Board approvals

Drive a strong ESG culture and awareness around changes to the relevant strategies

Ensure compliance with the ESG strategy, framework, and policies

Functional Roles

Business Lines | Group ESG Function | Internal Audit

Support Functions

1st line of defence | 2nd line of defence | 3rd line of Defence

1st Line of Defence: Comply with the ESG strategies, framework, and policies, conduct ESG risk assessments, and identify new risks

2nd Line of Defence: Develop and amend the ESG strategies and framework, recommend ESG assessment methodologies (e.g., ESG risk assessments, net zero plans, and climate stress testing)

3rd Line of Defence: Independent review of ESG function as per Risk Based Audit Plan

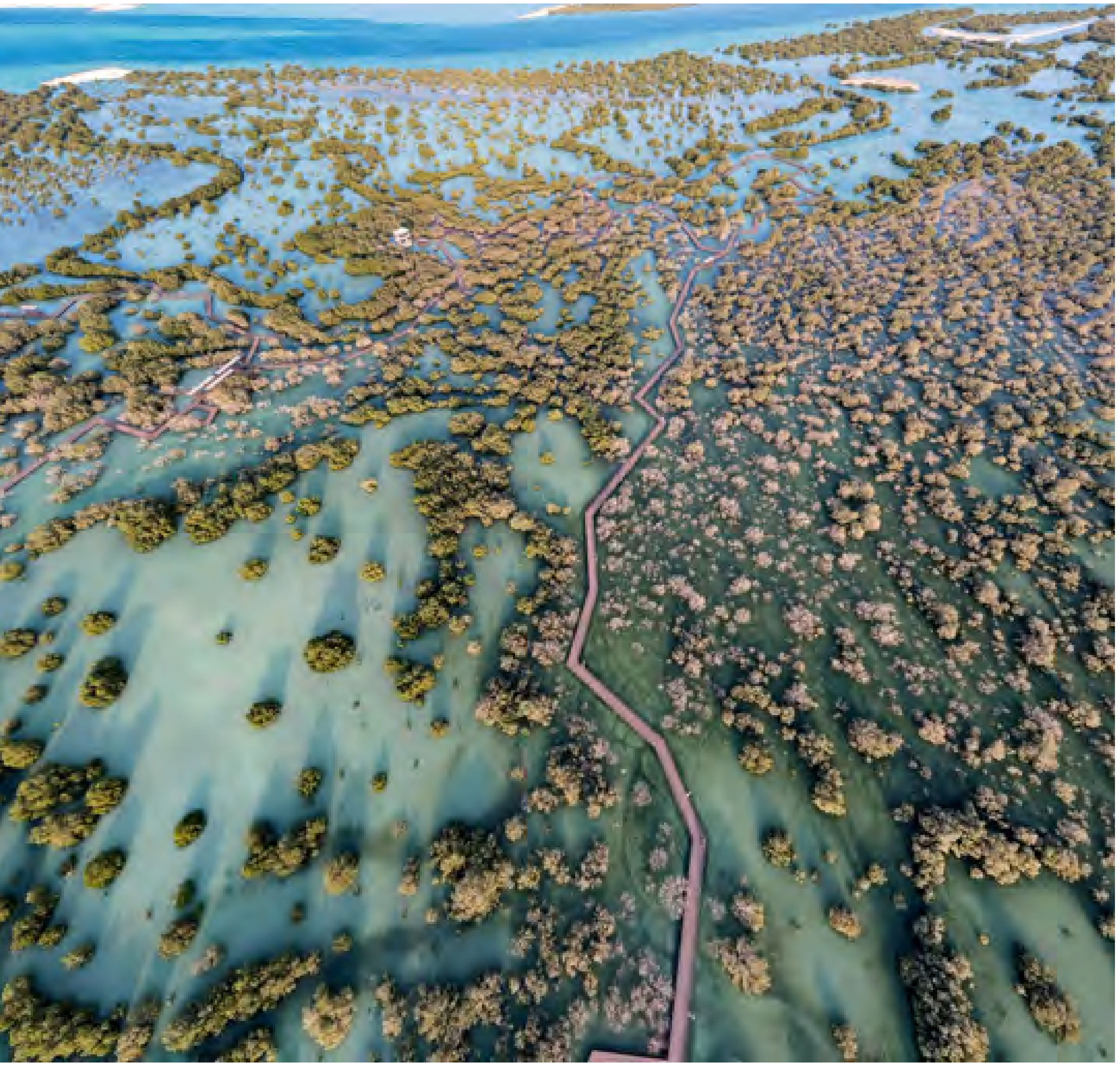
Key: ESG support function | Existing structure

ESG and climate risk

FAB's E&S Risk Policy and Framework define the bank's principles and governance structure for identifying, assessing, mitigating, and reporting ESG risks. Both documents were updated in 2024 following an ESG risk driver analysis exercise to assess the impact and materiality of ESG risks on traditional risk categories.

A bespoke Climate Risk Framework and Policy were developed in 2024 to define FAB's approach, governance structure, and methodology to effectively manage climate risks in line with regulatory guidance. The Climate Risk Framework is being implemented with the development of a climate scoring and climate stress testing frameworks. The climate score will enrich the ESG risk assessment with climate specific factors and drive targeted climate risk and strategy.

The stress testing framework is aimed at assessing FAB's vulnerabilities under different climate scenarios Further updates will be published in FAB's 2024 Climate Report.



ESG ratings

FAB has been consistently recognised as a top performer in the MENA region by leading ESG rating agencies. FAB's strong ESG credentials include the best MSCI ESG rating among MENA banks, at AA. FAB ranks as the best bank in the Middle East according to its LSEG/Refinitiv ESG score and is among the best 5% performers of the global banking industry. In 2024, FAB also obtained a Low ESG Risk Rating from Sustainalytics, the best ESG risk ranking among Middle Eastern banks.

ESG focused learning and development

We are dedicated to cultivating an organisational culture that empowers individuals to make informed decisions in line with the ESG risk-management principles articulated within our policy. To support this, our annual ESG risk awareness training is mandatory for all employees. Additionally, tailored training programmes are conducted throughout the year, with the Board of Directors receiving an annual compliance training update. This year's Board education materials featured a strong risk focus, including climate risk.

We also provide training for all Group FAB on the latest ESG regulatory developments and assessment methodologies, to maintain compliance across all jurisdictions the bank operates in. For example, we developed bespoke sustainable finance training in 2024 to ensure that our colleagues in Kuwait are aligned with new regulatory requirements from the Central Bank of Kuwait.

Abiding by labour laws

FAB aligns its strategies and operations with the United Nations Global Compact, encompassing human rights, labour, the environment, and anti-corruption, as well as the UN Sustainability Development Goals, UN Resolution 55/15 November 2000 – Prevention of Human Trafficking Act (1 March 2015) and UN TIP Protocol.

The use of involuntary labour and human trafficking in any form is strictly prohibited in FAB's direct business and supply chain. As a financial services organisation with a professional workforce, FAB considers the risk of modern slavery within its direct business operations to be low. However, we recognise that through our supply chain, clients, customers and even employees, the bank can be exposed to modern slavery risks. To mitigate these risks, FAB performs due diligence across its stakeholder groups. This includes assessing the compliance of employees with requisite labour laws, the ESG metrics of potential suppliers and client activities to prevent money laundering and other financial crimes linked with modern slavery.

FAB's sustainability commitment and alignment with local and global strategies

Alignment with local and global frameworks and goals

Reporting frameworks

- Global Reporting Initiative (GRI)
- Equator Principles (EP)
- Carbon Disclosure Project (CDP)
- Net Zero Banking Alliance (NZBA)
- Principles for Responsible Banking (PRB)
- Green bond ICMA Principles (ICMA)
- Task Force on Climate-Related Financial Disclosures (TCFD)
- Abu Dhabi Securities Exchange (ADX) ESG Guide for Listed Companies
- Partnership for Carbon Accounting Financials

Focus area

- Abu Dhabi Securities Exchange (ADX) ESG Guide for Listed Companies
- Abu Dhabi Vision
- UAE Vision 2021
- UAE Green Agenda 2015-2030
- UAE Net Zero by 2050
- UAE Private Sector Pledge to Accelerate Gender Balance
- Abu Dhabi Global Markets (ADGM) Sustainable Finance Consultative Working Group
- The Private Sector Advisory Council to the UAE National Committee on the SDGs
- The UAE Council for Climate Change and Environment

International

- UN Sustainable Development Goals (SDGs)
- UN Global Compact
- UN Women
- COP28 Net-Zero Transition Charter: Accountability Mobilization for the Private Sector
- Sustainable Markets Initiative Circularity Task Force

ADX metric	ADX calculation	Unit	Scope	2019	2020	2021	2022	2023	2024[1]
E1. GHG emissions	E1.1: Total amount in CO_2 equivalents, for Scope 1	tCO_2e	Group	9,092	631	2,618	4,327	5,637	5,813
	E1.2: Total amount, in CO_2 equivalents, for Scope 2	tCO_2e	Group	28,538	28,797	29,421	34,882	32,522	28,440
	E1.3: Total amount, in CO_2 equivalents, for Scope 3	tCO_2e	Group	7,601	3,515	3,784	5,644	2,512	3,508
E2. Emissions intensity	E2.1: Total GHG emissions per FTE (Full Time Employees)	tCO_2e	Group	8.3	6.52	7.1	6.6	5.9	5.29
	E2.2: Total non-GHG emissions per FTE (Full Time Employees)	tCO_2e	Group	N/A	N/A	N/A	N/A	N/A	NA
E3. Energy usage	E3.1: Total amount of energy directly consumed	GJ	Group	10,212	2,390	4,182	22,105[2]	23,668	27,922
	E3.2: Total amount of energy indirectly consumed	GJ	Group	234,422	234,723	231,762	269,036	253,311	222,123
E4. Energy intensity	Total direct energy usage per FTE (Full Time Employee)	GJ/FTE	Group	1.9	0.5	0.8	3.3	3.4	3.7
E5. Energy mix	Energy usage by generation type	%	Group	NA	NA	NA	NA	NA	NA
E6. Water usage	E6.1: Total amount of water consumed	M3	Group	205,133	187,454	221,329	286,971	169,898	168,246
	E6.2: Total amount of water reclaimed	M3	Group	NA	NA	NA	NA	NA	NA
E7. Environmental operations	E7.1: Does your company follow a formal Environmental Policy?	Y/N	Group	Y	Y	Y	Y	Y	Y
	E7.2: Does your company follow specific waste, water, energy, and/or recycling polices?	Y/N	Group	Y	Y	Y	Y	Y	Y
	E7.3: Does your company use a recognized energy management system?	Y/N	Group	N	N	N	N	N	N
E8. Environmental oversight	E8.1: Does your Management Team oversee and/or manage sustainability issues?	Y/N	Group	Y	Y	Y	Y	Y	Y
E9. Environmental oversight	E9.1: Does your Board oversee and/or manage sustainability issues?	Y/N	Group	Y	Y	Y	Y	Y	Y
E10. Climate risk mitigation	E10: Total amount invested, annually, in climate-related infrastructure, resilience, and product development	AED	Group	NA	NA	NA	NA	16.8 Billion	23.9 Billion

[1] Environment data scope covers our locations in UAE and Egypt only, and FAB's GHG emissions are on an estimate basis and subject to limited assurance.
[2] Increase from previous year is due to Bank Audi in Egypt's inclusion.

ADX metric	ADX calculation	Unit	Scope	2020	2021	2022	2023	2024
S1. CEO pay ratio	S1.1: CEO total compensation to median Full Time Equivalent (FTE) total compensation	Ratio	Group	NA	NA	NA	NA	NA
	S1.2: Does your company report this metric in regulatory filings?	Y/N	Group	NA	NA	NA	NA	NA
S2. Gender pay ratio	Median total compensation for female compared to median total compensation for male	Ratio	Group	1.4	1.6	1.2	1.0	1.3
	Senior Management	Ratio	Group	1.1	1.4	1.3	1.3	1.1
	Middle Management	Ratio	Group	0.9	0.9	0.8	0.8	0.8
	Staff (Professional, Operational and Administrative)	Ratio	Group	1.5	1.4	1.2	1.3	1.7
S3. Employee turnover	S3.1: Year-over-year change for full-time employees	%	Group	-7%	1%	33%	2%	8%
	S3.2: Year-over-year change for part-time employees	%	Group	NA	NA	NA	-7%	814%[1]
	S3.2: Year-over-year change for contractors/consultants	%	Group	-13%	-2%	22%	-2%	2%
S4. Gender diversity	S4.1: Percentage: Total enterprise headcount held by men	%	Group	60%	58%	59%	58%	57%
	S4.1: Percentage: Total enterprise headcount held by women	%	Group	40%	42%	41%	42%	43%
	S4.2: Entry and mid-level positions held by men	%	Group	60%	58%	58%	58%	57%
	S4.2: Entry and mid-level positions held by women	%	Group	40%	42%	42%	42%	43%
	S4.3: Percentage: Senior and executive level positions held by men	%	Group	90%	87%	79%	80%	84%
	S4.3: Percentage: Senior and executive level positions held by women	%	Group	10%	13%	21%	20%	16%

[1] In 2024, FAB's part-time workforce increased significantly from its Bedaya internship programme for UAE nationals. Part-time employees at FAB still represent less than 1.2% of the total workforce.

ADX metric	ADX calculation	Unit	Scope	2020	2021	2022	2023	2024
S5. Temporary worker ratio	S5.1: Total enterprise headcount held by part-time employees	%	Group	NA	NA	NA	0.1%	1.1%
	S5.2: Total enterprise headcount held by contractors and/or consultants	%	Group	37%	36%	34%	33%	32%
S6. Non-discrimination	Does your company follow non-discrimination policy?	Y/N	Group	Y	Y	Y	Y	y
S7. Injury rate	Frequency of injury events relative to total workforce time	%	Group	0%	0%	0%	0%	0%
E8. Global health and safety	Does your company follow an occupational health and/or global health and safety policy?	Y/N	Group	Y	Y	Y	Y	Y
S9. Child and forced labor	S9.1: Does your company follow a child and/or forced labor policy?	Y/N	Group	Y	Y	Y	Y	Y
	S9.2: If yes, does your child and/or forced labor policy also cover suppliers and vendors?	Y/N	Group	Y	Y	Y	Y	Y
S10. Human rights	S10.1: Does your company follow a human rights policy?	Y/N	Group	Y	Y	Y	Y	Y
	S10.2: If yes, does your human rights policy also cover suppliers and vendors?	Y/N	Group					
S11. Nationalisation	S11.1: Percentage of national employees (Emiratisation)	%	UAE	24%	42%	45%	44%	47%
S12. Community investment	S12.1: Amount invested in the community, as a percentage of company revenues	%	Group	0.64%	0.46%	0.32%	0.60%	0.29%

ADX metric	ADX calculation	Unit	Scope	2020	2021	2022	2023	2024
G1. Board diversity	G1.1: Total board seats occupied by:							
	■ Men	%	Group	100%	100%	100%	91%	91%
	■ Women	%	Group	0%	0%	0%	9%	9%
	G1.2: Percentage Committee chairs occupied by:							
	■ Men	%	Group	N/A	N/A	N/A	100%	100%
	■ Women	%	Group	N/A	N/A	N/A	0	0
G2. Board independence	G2.1: Does the company prohibit CEO from serving as board chair?	Y/N	Group	Y	Y	Y	Y	Y
	G2.2: Total board seats occupied by independent board members	%	Group	82%	91%	73%	100%	100%
G3. Incentivised pay	G3.1: Are executives formally incentivised to perform on sustainability?	Y/N	Group	Y	Y	Y	Y	Y
G4. Supplier code of conduct	G4.1: Are your vendors or suppliers required to follow a Code of Conduct?	Y/N	Group	Y	Y	Y	Y	Y
	G4.2: What percentage of your suppliers have formally certified their compliance with the Supplier Code of Conduct?	%	Group	100%	100%	100%	100%	100%

ADX metric	ADX calculation	Unit	Scope	2020	2021	2022	2023	2024
G5. Ethics and prevention of corruption	G5.1: Does your company follow an Ethics and/or Prevention of Corruption policy?	Y/N	Group	Y	Y	Y	Y	Y
	G5.2: What percentage of your workforce has formally certified its compliance with the Ethics and Prevention of Corruption Policy?	%	Group	99.9%	99.0%	98.4%	100%	99.2%
G6. Data privacy	G6.1: Does your company follow a Data Privacy policy?	Y/N	Group	Y	Y	Y	Y	Y
	G6.2: Has your company taken steps to comply with GDPR rules?	Y/N	Group	Y	Y	Y	Y	Y
G7. Sustainability reporting	G7.1: Does your company publish a sustainability report?	Y/N	Group	Y	Y	Y	Y	Y
G8. Disclosure practices	G8.1: Does your company provide sustainability data to sustainability reporting frameworks?	Y/N	Group	Y	Y	Y	Y	Y
	G8.2: Does your company focus on specific UN Sustainable Development Goals (SDGs)?	Y/N	Group	Y	Y	Y	Y	Y
	G8.3: Does your company set targets and report progress on the UN SDGs?	Y/N	Group	N	N	Y	Y	Y
G9. External assurance	G9.1: Are your sustainability disclosures assured or verified by a third-party audit firm?	Y/N	Group	Y	Y	Y	Y	Y

Corporate Governance

Content

Our strong corporate values reinforce **a culture of integrity** and sustainable growth, guiding effective leadership decisions and ethical conduct across the organisation.

Message from the Chairman of the Board of Directors

On behalf of the Group's Board of Directors, I am pleased to present the 2024 Annual Corporate Governance Report of First Abu Dhabi Bank.

First Abu Dhabi Bank will hereinafter be referred to as **"FAB"** or **"the Bank"** or **"the Group"**.

With responsible banking as the cornerstone of our operations, our Board of Directors upholds the highest standards of corporate governance, embedding the fundamental principles of independence, accountability, responsibility, transparency and ethical conduct into every facet of the Group's business.

Our strong corporate values reinforce a culture of integrity and sustainable growth, guiding effective leadership decisions and ethical conduct across the organisation. FAB's corporate governance approach is aligned with the internationally recognised corporate governance practices, which are embedded through a robust corporate governance framework that promotes investor confidence and drives long-term value creation for all stakeholders.

The FAB Board is predominantly comprised of independent directors, having balanced, qualified and diverse skillsets that foster sound governance and establish the right top down tone for the business. The Board is further supported by a robust committee structure that supports Board's comprehensive oversight of the Group's operations.

The year 2024 was also marked by important steps forward in our sustainability journey. We are committed to aligning economic and financial systems with climate change and nature-positive ambitions, driving both economic prosperity and a more equitable future. In line with the UAE's objectives, we remain steadfast in our mission to accelerate decarbonisation through our 2030 sustainable finance and net zero targets, while actively supporting national, regional and global sustainability agendas.

As we draw another successful year, I would like to extend my sincere gratitude to our Board, senior management and all FAB employees around the globe for their continued support in fostering FAB's resilient governance culture and its ongoing success.

H.H. Sheikh Tahnoon bin Zayed Al Nahyan
Chairman

Corporate Governance Framework

FAB recognises that a well-considered and established corporate governance framework facilitates effective decision-making and builds a strong relationship with stakeholders through a transparent structure that supports appropriate disclosures. FAB is committed to achieving robust corporate governance and business integrity.

The Bank's corporate governance framework is aligned to applicable regulatory requirements, including those of the UAE Central Bank (CBUAE) and the Securities and Commodities Authority (SCA). It is designed to reflect the CBUAE Corporate Governance Regulation for Banks (Circular 83/2019) and the accompanying Corporate Governance Standard for Banks.

The FAB Board of Directors is the Bank's principal decision-making forum. Its responsibilities are set out in the Board charter and include approving the strategic plan, annual budget and organisation structure, establishing the Bank's risk appetite and risk management strategy, monitoring financial performance, evaluating the performance of senior management, and approving the Bank's corporate values, in line with FAB's Code of Conduct requirements.

Setting the tone from the top is a critical part of the Board's role. It is also responsible for providing oversight and ensuring that senior management are held accountable across a range of matters, including strategy execution, risk management and succession planning.

FAB's corporate governance framework sets out the governance requirements for the Group Board, local and international subsidiary boards, as well as relevant board and management-level committees. In 2024, we focused on our international governance framework, ensuring adequate levels of local capability and the presence of relevant committee structures and operating models, all supported by continuous education and training from the head office.

At Group level, 2024 saw continued emphasis on ensuring all committees operated optimally. The secretaries of the Board and Board Committees continue to be senior employees within the Bank and are subject matter experts.

The Board and Board Committee charters are updated annually and can be found on our website under 'Corporate Governance Framework.'

The Bank's Annual General Meeting (AGM) is an important part of FAB's governance framework, and an opportunity for shareholders to engage with the Board. The AGM was held on 5 March 2024 and included the following agenda items:

- Discussed and approved the report of the Board of Directors on the activity of the Bank and its financial statements for the financial year ending 31/12/2023.
- Discussed and approved the report of the external auditors for the financial year ending 31/12/2023.
- Discussed and approved the internal Shari'ah Supervision Committee annual report.
- Notification on payable zakat in relation to the Bank's Islamic activities for the financial year ending 31/12/2023.
- Discussed and approved the Bank's balance sheet and profit and loss statement for the financial year ending 31/12/2023.
- Consideration of the proposal of the Board of Directors regarding provisions, reserves, and distribution of profits for the financial year ending on 31/12/2023 of 71 fils per share, representing 71% of the Bank's paid-up capital – equivalent to 50% of the distributable net profit as cash dividend, for a total amount of AED 7.8 billion.
- Discussion and approval of the Board of Directors' remuneration.
- Discharge of the Board members for their actions during 2023.
- Discharge of the external auditors for their actions during 2023.
- Appointment of external auditor for the financial year 2024 and determination of their fees.
- Appointment of internal Shari'ah Supervision Committee (ISSC) members.

Other special resolutions were approved as part of the meeting agenda, including Group's debt issuance programs.

The ISSC annual report and members were also approved by the Higher Shari'ah Authority of the UAE Central Bank.

Risk governance

Risk governance refers to the formal structure used to support risk-based decision making and oversight across the Group's operations.

In line with the CBUAE Corporate Governance Regulations, the Board has approved that the risk governance framework must incorporate a "three lines of defence" (3LOD) approach including senior management of the business lines, the functions of risk management and compliance, and an independent and effective internal audit function. The 3LOD model is a tool used worldwide by banks and other financial institutions to support how risk is managed and the roles and responsibilities of businesses, enablement functions and control functions.

FAB's control functions include Internal Audit, Risk, Compliance, Legal and Corporate Governance, which functionally report to the Board or designated Committees and administratively report to the GCEO. The CBUAE Corporate Governance Regulations require that control functions operate separately from the business (which is achieved through the 3LOD) and that the Heads of the Control functions have a direct reporting line to the relevant Board Committee. For example, the Group Chief Risk Officer reports functionally to the Board Risk and ESG Committee (BRESGC) and administratively to GCEO. These reporting lines are included in the relevant Board Committee charters. Risk committees provide quarterly reports to the BRESGC. Similarly, the Internal Audit team provides quarterly reports to the Board Audit Committee (BAC). Both BAC and BRESGC report any significant matters as and when required to the Board of Directors.

FAB has established a robust risk governance and ownership structure that ensures oversight and accountability of the effective management of risk. The Board approves risk management strategies for FAB, its subsidiaries and international offices. Under authority delegated by the BRESGC, the Group Risk Committee (GRC) formulates enterprise risk management policy and frameworks, exercises delegated risk authorities and oversees the implementation of the risk management framework and controls, through the independent Group Risk Management division led by the Group Chief Risk Officer. This framework facilitates a composite view of risk at each succeeding level of the organisation, enabling it to determine whether the overall portfolio risk is commensurate with its risk appetite. Our Group Risk Management function is the nerve centre for the collection of data, analysis of risk drivers, interpretation of outcomes and its wide dissemination to relevant committees for risk management.

The Group risk framework at FAB is embedded across the organisation, including local and international branches, subsidiaries and foreign representative offices. The core objective is to provide a reasonable degree of assurance to the Board that any risks threatening FAB's achievement of its core purpose are being identified, measured, monitored and controlled through an effective integrated risk management system. The Group risk management framework consists of specific policies for all material risks across FAB. In addition to the risk management policies, FAB has also implemented detailed operational procedures wherever needed.

The risk appetite framework at FAB is aligned with its strategic plan and objectives. The risk appetite framework comprises risk appetite statement and risk metrics across material risk categories (capital adequacy, liquidity and funding, asset quality, risk concentration, ESG risk, market risk exposures, operational risk, compliance and conduct risk, technology and information security and people risk). The Group level risk appetite is cascaded down to the individual business groups. The risk appetite framework is approved by the GRC and BRESGC. The role of the GCEO and the executive management team is to execute the agreed business strategy within the risk appetite. There is regular monitoring of all risk exposures to ensure that the overall risk profile is within the risk appetite limits.

There are clearly defined processes for regular review and enhancement of the framework in line with changes in external as well as internal environment. The risk management framework, processes and methodologies are periodically benchmarked against industry best practices and regulations.

Key focus areas in 2024

Data governance

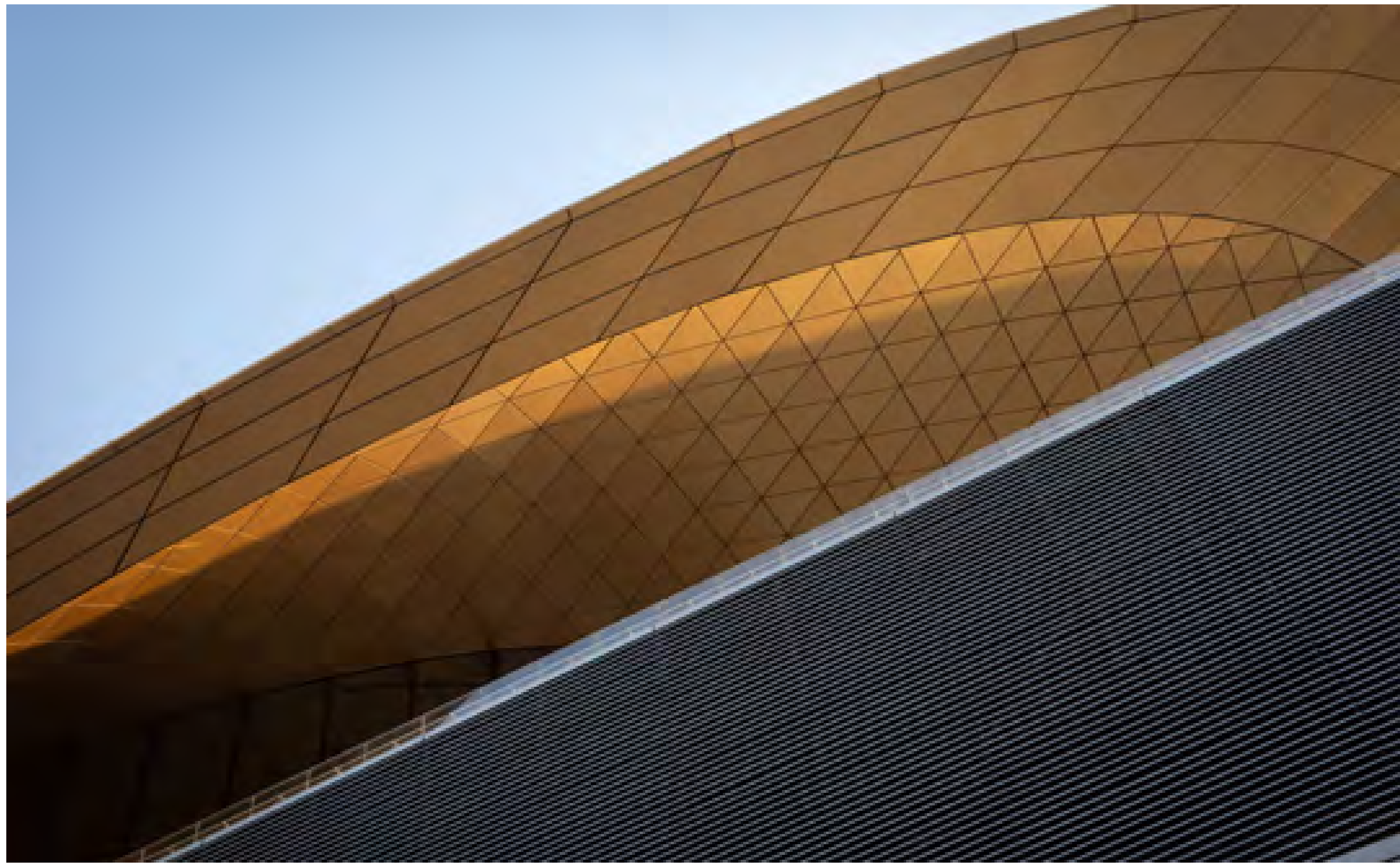
In 2024, FAB continued to prioritise robust data governance, ensuring the integrity, security and accessibility of data across our operational territories. Building on the foundations laid in previous years, we have established a comprehensive data governance strategy, framework and target operating model for the entire FAB Group. This strategic initiative underscores our commitment to maintaining high standards of data quality and compliance with regulatory mandates, both in the UAE and internationally.

The data governance framework is designed to support decision-making processes, risk management and compliance requirements, fostering a culture of accountability and transparency throughout the organisation.

We have also invested in the implementation and integration of advanced analytics and integrated emerging AI and machine learning technologies into our data governance solutions. This approach allows us to adapt to evolving regulatory landscapes across the various regions FAB operates in. Our commitment extends beyond the UAE, encompassing all FAB Group entities, reflecting our dedication to maintaining a uniform standard of data excellence globally.

Additionally, we have made significant improvements to overall data quality across various business domains and systems, addressing many of our key regulatory mandates. This has been achieved through continuous data quality enhancements and rigorous monitoring processes using our advanced and modern data quality toolset, ensuring that our data remains accurate, reliable and fit-for-purpose.

As we move into 2025, FAB remains committed to evolving our data governance practices and meeting the challenges of an increasingly data-driven world. Our continuous efforts in maintaining high standards of data quality and compliance with regulatory mandates ensure that we are well-positioned to support our business objectives and meet regulatory requirements.



Consumer protection

FAB remains committed to consumer protection, expanding its efforts through our Consumer Education and Awareness Unit (CEAU).

The CEAU focuses on three main areas to fulfil the Consumer Protection mandate from the Central Bank of the UAE:

- Consumer education and awareness
- Employee training and awareness
- Consumer accessibility

In 2024, CEAU activities focused on educating consumers and employees on best practices in money management, training staff on how to support People of Determination (POD) and ensuring accessibility across FAB's digital and physical channels.

1. Consumer education and awareness

- ✓ Launched financial literacy notifications for mobile banking customers.
- ✓ Developed financial literacy educational videos, which were posted on FAB's **'Your Money Matters'** educational platform.
- ✓ Conducted an analysis of consumer feedback and social media reports to inform future education programmes.

2. Employees training and awareness

- ✓ Collaborated with Abu Dhabi Global Market (ADGM) Academy to deliver financial literacy training for front-line and all FAB staff.
- ✓ Launched **'Banking for All: Deep Dive'** training, a mandatory learning curriculum designed to equip front-line staff with skills in identifying, engaging and assisting People of Determination (POD).
- ✓ Initiated **'Banking for All: A Journey Toward Inclusive Banking'** training for select departments at FAB to enhance awareness of POD banking needs.

3. Consumer accessibility

- ✓ Installed accessible ramps and railing across 43 FAB branches to enhance physical accessibility for all customers.
- ✓ Opened a new POD-friendly branch at Ajman City Center in November 2024. The branch incorporates accessibility features such as lowered service counters, tactile floor indicators and enhanced signage to ensure a seamless experience for all customers. In addition, work has commenced on upgrading 25 more branches across the UAE to align with POD accessibility standards.
- ✓ Enhanced the FAB website and mobile app to comply with the Web Content Accessibility Guidelines (WCAG) AA Level standards.
- ✓ Implemented accessibility changes within our Contact Centre to better serve customers with specific needs.
- ✓ Activated priority queuing with voice announcements in all UAE branches.

FAB prioritises consumer protection through cross-functional initiatives that educate consumers and staff while making banking services accessible for all. These 2024 achievements reflect our ongoing commitment towards complying with the CBUAE Consumer Education Regulations and Standards.

AI governance framework

As we continue to embrace cutting-edge technologies to enhance our business processes, we recognise the transformative potential of artificial intelligence (AI) and related technologies like machine learning and deep learning. Following the arrival of Generative AI, we stand at a pivotal moment where the integration of these technologies can significantly benefit our operations and customer experiences.

At the same time, FAB recognises that the use of AI systems can increase existing enterprise risk exposure and/or introduce new risks, such as biased decisions, data breaches, cybersecurity risks and regulatory non-compliance. To ensure that our AI solutions are developed and used ethically, transparently, and in the best interests of FAB and our customers, we are developing a robust AI governance framework.

This framework will consist of comprehensive policies, procedures, standards and guidelines, designed to support the secure adoption of AI within our organisation.

Key objectives of the AI governance framework

FAB's AI governance framework is based on the nine industry-recognised Responsible AI Principles:

- Accountability
- Fairness
- Data Privacy
- Security
- Reliability
- Transparency
- Explainability
- Sustainability
- Compliance

Cyber risk

FAB approaches cyber security as a principal business risk, which means focussing on the needs of the entire business. We have adopted a 'Defence in Depth' approach to ensure the protection of customer data, with cybersecurity embedded in the design of our operations, technology, products and channels.

The Group continuously monitors current and emerging global cyber threats, including risks posed by outsourced parties. We have implemented advanced cybersecurity practices and resources to safeguard our systems from persistent cyber threats and maintain mature security posture.

FAB has also rapidly embraced emerging technologies to maintain a secure and resilient digital ecosystem that fosters innovation, while safeguarding our critical assets.

Operational resilience

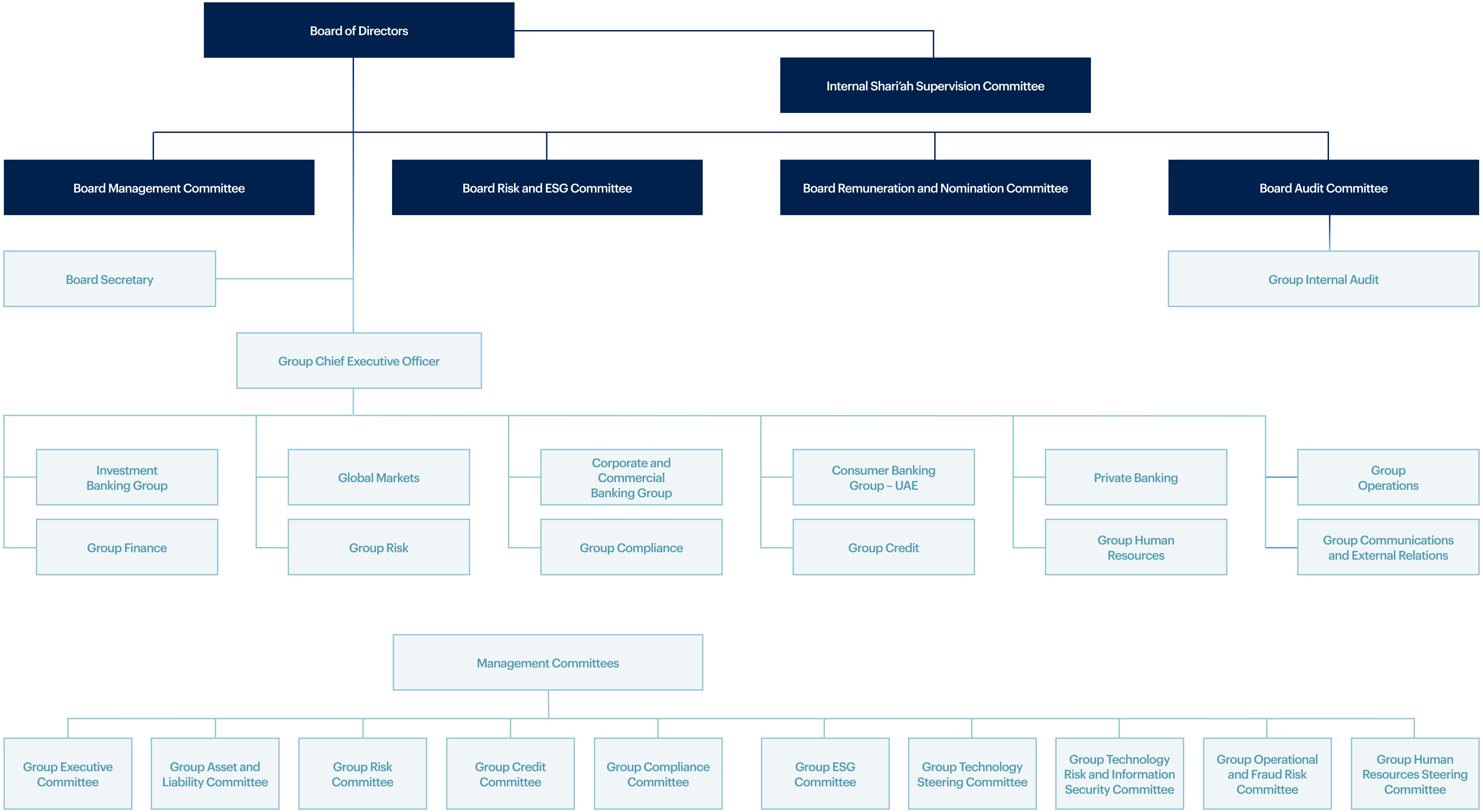
FAB operates a comprehensive programme for business continuity to ensure the effectiveness and continuous availability of our services and products.

This involves:

- Proactively improving the bank's resilience by assessing activities and their dependencies
- Raising awareness about approved continuity plans among business units
- Reporting the programme status to the committee and regulators as required
- Managing disruption, avoiding recurrence and protecting the bank's value-creating activities

FAB has a robust crisis management framework that enables it to respond effectively and efficiently to any disruptive events, such as natural disasters or pandemics. This leverages the Group's IT operational resilience, digital capabilities and business continuity best practices to maintain the delivery of critical services and protect the interests of FAB's customers, employees, and stakeholders.

Organisational Structure



Board Governance

Board roles and responsibilities

The Board regularly reviews and refines its governance arrangements in light of evolving regulatory requirements and stakeholder expectations.

The FAB Board of Directors consists of 11 members. Board members are appointed on a three-year tenure.

The Board is headed by an independent Chair who is elected from amongst its members. The Chair has authority to act and speak for the Board, including engaging with FAB senior management, facilitating communications between the Board and its shareholders, and meeting with representatives of FAB's regulators, as required.

The Chair provides leadership to the Board and is responsible for its overall effectiveness. The Chair ensures that Board decisions are taken on a sound and well-informed basis, encourages and promotes critical discussion and ensures that dissenting views can be freely expressed during the decision-making process.

The Board charter outlines the roles and responsibilities of the Board and the manner in which it discharges its responsibilities.

Key elements	Board's roles and responsibilities
Leadership and stakeholder management	Represent shareholders and other relevant stakeholders and serve the interests of FAB by overseeing and evaluating the bank's strategy, performance, framework and policies. Ensure appropriate dialogue with FAB shareholders and other stakeholders. Consider the balance of interests between shareholders, employees, customers and the community.
Strategy and performance	Approve and monitor FAB's strategy and long-term objectives, ensuring alignment with the Group's risk appetite and the Group risk management framework. Review financial performance in light of the strategy, long-term objectives and budget of FAB, ensuring that necessary corrective action is taken as needed.
Financial reporting	Review and approve the Group's annual and quarterly financial reports and statements, and ensure the integrity of such reporting.
Risk management	Review and approve the risk management framework and oversee the implementation of an effective risk management culture and internal control framework across the bank and Group, with respect to applicable regulations and standards.
Culture	Set the Group's tone, values and standards and establish expectations that all businesses must be conducted in a legal and ethical manner, while overseeing the adherence to such values by staff.
Remuneration	Approve the Group's remuneration framework and policy, ensuring alignment with the bank's values and risk appetite.
Appointment and succession planning	Ensure that FAB has a fit and proper process for the selection of senior management, including the heads of the risk management, compliance and internal audit functions, and the maintenance of succession plans for senior management.
Consumer protection	Raise awareness around the increasing importance of consumer protection by promoting positive institutional conduct and providing the necessary training to well-qualified staff, while ensuring the bank has an appropriate organisational structure, clear policies and procedures.

In 2024, FAB revised the directors' code of conduct, which outlines high standards of probity and ethical behaviour among Board members. This ensures that Board members act with integrity, maintain confidentiality and act in the best interests of the Bank and its shareholders. The code applies to directors of the Group Board and all subsidiary Boards across the FAB Group. The code of conduct covers:

- Compliance with laws and regulations
- Loyalty, good faith and fiduciary duties
- Conflicts of interest
- Related parties
- Anti-bribery and corruption
- Confidentiality
- Disclosures
- Consumer protection
- Ethical behaviour
- Gifts and hospitality

Independence

FAB assesses the independence of directors in line with regulatory requirements. According to these criteria, all Board members of FAB in 2024 were considered to be independent. Specifically, they have no relationship with the Bank or Group that could lead to a benefit or which may affect their decision-making. They are not under any undue influence, internal or external, ownership or control, which would impede the exercise of objective judgement.

Conflict of interest

Each director has a duty to avoid any activity at FAB, or elsewhere, that creates a conflict between a director's own interests (as an individual or through an entity they are associated with) and the interests of FAB. All directors must avoid competing directly or indirectly with FAB, which includes holding directorships in competing institutions.

In addition, a director is prohibited from:

- Providing unjustified advantages to third parties at the expense of FAB.
- Seizing opportunities for himself or herself, his/her immediate family or a related party that are available through their position as a director, or via the use of FAB property or information.
- Taking advantage of their position as director to gain directly or indirectly any personal advantage which might be to the detriment of FAB.

A director who becomes aware of an actual or potential conflict of interest must:

- Promptly disclose the matter to the Chair of the Board and Secretary to the Board.
- Abstain from involvement in that matter, including recusing himself or herself from participating in the debate, voting on the matter or attending the relevant meetings.

Board of Directors

His Highness
Sheikh Tahnoon bin Zayed Al Nahyan

Deputy Ruler of Abu Dhabi
Chairman
Independent Non-Executive Director

His Highness Sheikh Tahnoon bin Zayed Al Nahyan is the Deputy Ruler of Abu Dhabi and the National Security Advisor of the United Arab Emirates. These roles safeguard the security and ensure the prosperity of the country's people and resources, while fostering resilience, openness, strategic relations, diplomacy, economic and technological development across borders.

His Highness is the Chairman of the Artificial Intelligence and Advanced Technology Council, which is responsible for developing and implementing policies and strategies related to research, infrastructure and investments in AI and advanced technology to future-proof Abu Dhabi. He is also Chairman of ADIA, ADQ, IHC, MGX and G42, and serves on the Board of the Supreme Council for Financial and Economic Affairs, where Abu Dhabi's government, fiscal, economic and investment policies are pragmatically monitored.

Aligned with Abu Dhabi's leadership vision, His Highness Sheikh Tahnoon bin Zayed Al Nahyan drives a multifaceted strategy to propel Abu Dhabi's growth. This approach encompasses forging strategic partnerships, harnessing cutting-edge technology, cultivating a highly skilled long-standing leaders, and fostering long term relationships around the world.

His Highness stands out for his extraordinary discipline as a distinguished sportsman, having taken up cycling professionally and earned a black belt in jiu-jitsu. He established the Abu Dhabi Combat Club, and his intellectual pursuits extend to writing, playing chess, and being an avid reader.

His Excellency
Sheikh Mohamed bin Saif Al Nahyan

Vice Chairman
Independent Non-Executive Director

His Excellency Sheikh Mohamed bin Saif Al Nahyan serves as the Board vice chairman of First Abu Dhabi Bank PJSC since March 2017. He also chairs the Board Management Committee and the Board Remuneration and Nomination Committee.

An experienced business professional with more than 20 years in family business, real estate and investment, H.E. Sheikh Mohamed manages a number of projects across the UAE and abroad.

He is also the chairman of Abu Dhabi National Insurance Company PJSC and is a member of its board Risk Management Committee.

H.E. Sheikh Mohamed holds a degree in international economics and history from the American University of Paris.

● Board Management Committee
● Board Remuneration and Nomination Committee
● Board Risk and ESG Committee
● Board Audit Committee

His Excellency
Jassem Mohammed Bu Ataba Al Zaabi

Independent Non-Executive Director

His Excellency Jassem Mohammed Bu Ataba Al Zaabi was appointed to the Board of Directors of First Abu Dhabi Bank PJSC in February 2020 and currently chairs the Board's Audit Committee.

H.E. Al Zaabi is the chairman of the Abu Dhabi Department of Finance. In this capacity, he fosters a culture of fiscal sustainability across all government-related entities and upholds the emirate's sturdy balance sheet.

His Excellency is also the secretary general of Abu Dhabi's Supreme Council for Financial and Economic Affairs, a member of the Abu Dhabi Executive Council, secretary general of the Artificial Intelligence & Advanced Technology Council, and chairman of the board of directors of Abu Dhabi Pension Fund,Modon Holding PJSC, and e& PJSC.

A prominent leader in the UAE's economic and financial sectors, H.E. Al Zaabi serves as vice chairman of the board of directors of the UAE Central Bank and Abu Dhabi Holding Company (ADQ). He is also a board member of the Abu Dhabi Investment Authority, Abu Dhabi National Oil Company, MGX, Tawazun Economic Council, and XRG, as well as a member of the Education and Human Resources Council.

H.E. Al Zaabi holds a master's degree in business administration from the London Business School.

His Excellency
Dr. Sultan Ahmed Al Jaber

Independent Non-Executive Director

His Excellency Dr. Sultan Ahmed Al Jaber was appointed to the Board of Directors of First Abu Dhabi Bank PJSC in February 2020 and currently chairs the Board's Risk and ESG Committee.

H.E. Dr. Al Jaber is a member of the UAE Cabinet, Minister of Industry and Advanced Technology, and is the UAE's Special Envoy for Climate Change. He was president of COP28, the global climate change conference held in the UAE in December 2023. He is also managing director and group CEO of the Abu Dhabi National Oil Company (ADNOC), a member of the Abu Dhabi Supreme Council for Financial and Economic Affairs, chairman of the Emirates Development Bank and chairman of Masdar, Abu Dhabi's pioneering renewable energy initiative.

He is also a board member of the Emirates Investment Authority, Emirates Global Aluminium, Mubadala Investment Company, Advanced Technology Research Council and chairs the board of trustees of the Mohammed bin Zayed University of Artificial Intelligence.

He previously served as founding CEO of Masdar, CEO of the energy platform at Mubadala, chairman of the Abu Dhabi Ports Company and chairman of the board of trustees of the Mohammed bin Zayed University of Artificial Intelligence.

H.E. Dr. Al Jaber has a doctorate in business and economics from Coventry University in the United Kingdom, an MBA from California State University and a bachelor's degree in chemical engineering from the University of Southern California.

● Board Management Committee
● Board Remuneration and Nomination Committee
● Board Risk and ESG Committee
● Board Audit Committee

Her Excellency
Mariam bint Mohammed Saeed Hareb Almheiri
Independent Non-Executive Director

Her Excellency Mariam bint Mohammed Saeed Hareb Almheiri was appointed to the Board of Directors of First Abu Dhabi Bank PJSC in February 2023 and is a member of the Board's Risk and ESG Committee.

H.E. Almheiri is the head of the International Affairs Office at the Presidential Court of the UAE and is the group CEO of 2PointZero, a subsidiary of International Holding Company.

H.E. Almheiri was previously appointed as the UAE Minister of Climate Change and Environment where she spearheaded the United Arab Emirates' efforts to mitigate and adapt to the impacts of climate change, protect the country's ecosystems, and enhance its food and water security through developing and implementing effective measures, policies and initiatives. She also represented the UAE in the United Nations' Food and Agriculture Organisation and prior to this appointment was the Minister of State for Food and Water Security.

H.E. Almheiri is a board member of Modon and Abu Dhabi Fund for Development as well as a board member in the International Humanitarian and Philanthropic Council.

H.E. Almheiri has master's and bachelor's degrees in mechanical engineering from the Rheinisch-Westfälische Technische Hochschule (RWTH) in Aachen, Germany.

His Excellency
Sheikh Ahmed Mohammed Sultan S. Aldhaheri
Independent Non-Executive Director

His Excellency Sheikh Ahmed Mohammed Sultan Aldhaheri was appointed to the Board of Directors of First Abu Dhabi Bank PJSC in March 2017 and is a member of the Board's Risk and ESG Committee and the Board Audit Committee.

H.E. Sheikh Ahmed also serves as vice chairman of the board for Abu Dhabi Aviation and the vice chairman and managing director of Abu Dhabi National Hotels Company (ADNH), ADNH Catering, and as board member for e& PJSC, Al Dhafra Insurance PSC, the Al Dhaheri Group and as board member and managing director of Abu Dhabi Refreshments Company (Pepsi Cola).

H.E. Sheikh Ahmed Holds a bachelor's degree in civil engineering from UAE University.

- Board Management Committee
- Board Remuneration and Nomination Committee
- Board Risk and ESG Committee
- Board Audit Committee

His Excellency
Mohammed Thani Murshed Ghannam Alrumaithi
Independent Non-Executive Director

His Excellency Mohammed Thani Murshed Ghannam Al Rumaithi was appointed to the Board of Directors of First Abu Dhabi Bank PJSC in March 2017 and is a member of the Board's Risk and ESG Committee and the Board Remuneration and Nomination Committee.

H.E. Alrumaithi's contributions to Abu Dhabi's business growth are manifold. He has served in several government and regional positions dedicated to boosting economic development and trade, including multiple years as chairman of the Abu Dhabi Chamber of Commerce and Industry, president of the Federation of Chambers of the Gulf Cooperation Council, vice president of the US-UAE Business Council and board member of the UK-UAE Business Council.

He also serves as chairman of Alpha Dhabi Holding PJSC and the National Marine Dredging Company.

H.E. Alrumaithi holds a bachelor's degree in business administration.

His Excellency
Mohamed Saif Al Suwaidi
Independent Non-Executive Director

His Excellency Mohamed Saif Al Suwaidi was appointed to the Board of Directors of First Abu Dhabi Bank PJSC in March 2017 and is a member of the Board's Management Committee and the Board Audit Committee.

He is a driving force in advancing the UAE's mission to promote global sustainable development. As director general of Abu Dhabi Fund for Development (ADFD), an independent institution established by the Abu Dhabi government in 1971, he brings over 30 years of experience and expertise in finance, infrastructure, and leadership to drive the Fund's efforts worldwide.

H.E. Al Suwaidi majorly contributed to the success and expansion of ADFD's operations, with the Fund having disbursed more than AED 216 billion (USD 58.9 billion) to 106 countries, while efficiently managing and growing its resources.

The Fund's contributions extend beyond development financing, encompassing export funding through the Abu Dhabi Exports Office (ADEX), which spearheaded in 2019 to expand the sector and enhance its contribution to the UAE's economy.

ADFD has made major strides in clean energy under H.E. Al Suwaidi's stewardship. In 2024, the Fund became the first organisation from the MENA region to receive the United Nations Small Island Developing States Partnerships Award, following the allocation of USD 100 million for clean energy projects in those nations.

His leadership and commitment to sustainability earned him recognition as one of Forbes Middle East's Sustainability Leaders in 2024.

Beyond his role at ADFD, H.E. Al Suwaidi serves as Vice Chairman of the Arab Bank for Investment and Foreign Trade (Al Masraf) and as Deputy Governor on the Board of Governors of the Asian Infrastructure Investment Bank (AIIB). He also holds board memberships at the Emirates Development Bank, DP World, and Al Jazira Sports and Cultural Club. Additionally, he oversees international investments for the Abu Dhabi Tourism Investment Company – Egypt (ADTIC), Abu Dhabi Uzbekistan Investment (ADUI) and Abu Dhabi Kyrgyz Investment Company (ADKI).

H.E Al Suwaidi holds a bachelor's degree in business administration from California Baptist University in the United States.

- Board Management Committee
- Board Remuneration and Nomination Committee
- Board Risk and ESG Committee
- Board Audit Committee

His Excellency
Waleed Al Mokarrab Al Muhairi
Independent Non-Executive Director

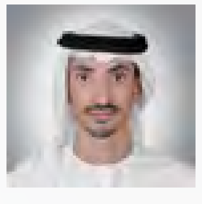
His Excellency Waleed Al Mokarrab Al Muhairi was appointed to the Board of Directors of First Abu Dhabi Bank PJSC in February 2020 and is a member of the Board's Management Committee and the Board Remuneration and Nomination Committee.

As deputy group CEO of Mubadala Investment Company, a sovereign investor owned by the government of Abu Dhabi, H.E. Al Muhairi has strategic oversight of the company's broad investment portfolio and special projects at the group level. He is also a member of Mubadala's Investment Committee, and chairman of its new Investment and Business Planning Committee. Furthermore, he has oversight of the real estate and infrastructure and diversified business platforms within Mubadala.

H.E. Al Muhairi was one of the principal architects of the Abu Dhabi 2030 Economic Vision. He is also chairman of Waha Capital, Mubadala Capital, the Global Institute for Disease Elimination (GLIDE), and the US-UAE Business Council. In addition, he is the vice chairman of Aldar, and a member of the board of trustees of Cleveland Clinic in the United States.

He also serves as a board member of Hub71, Ellipses Pharma Limited, Abu Dhabi Investment Council, Investcorp Holdings Bahrain, and M42.

H.E. Al Muhairi holds a master's degree in public policy from Harvard, and a bachelor's degree in foreign service from Georgetown University in Washington, D.C.



His Excellency
Khalifa Ateeq Al Mazrouei
Independent Non-Executive Director

His Excellency Khalifa Ateeq Al Mazrouei was appointed to the Board of Directors of First Abu Dhabi Bank PSJC in February 2023 and is a member of the Board's Audit Committee.

He is currently the group chief investment officer at Abu Dhabi Capital Group. He also served as a senior manager at the Internal Equities Department - Active Europe at the Abu Dhabi Investment Authority (ADIA) and has held leading positions there and in the Internal Audit department since he joined ADIA in 2008.

H.E. Al Mazrouei holds a bachelor's degree from the Higher Colleges of Technology - Abu Dhabi. He is a certified internal auditor and a chartered financial analyst.

His Excellency
Homaid Abdulla Al Shimmari
Independent Non-Executive Director

His Excellency Homaid Abdulla Al Shimmari was appointed to the Board of Directors of First Abu Dhabi Bank PJSC in February 2023 and is a member of the Board's Risk and ESG Committee and the Board Audit Committee.

H.E. Al Shimmari is the deputy group CEO and chief corporate and human capital officer in Abu Dhabi's Mubadala Investment Company. He was previously CEO of its aerospace and engineering Services platform, focused on the strategic vision and plans for developing technologically advanced industries within Abu Dhabi and the UAE.

He also serves as chairman of Maximus Air Cargo and SolutionsPlus and a board member of Abu Dhabi Aviation and Waha Capital. He is also vice chairman of the board of trustees for UAE University and the Khalifa University of Science, Technology and Research.

H.E. Al Shimmari holds a bachelor's degree in aeronautical engineering from Embry-Riddle Aeronautical University and holds a black belt in Six Sigma from GE.

- Board Management Committee
- Board Remuneration and Nomination Committee
- Board Risk and ESG Committee
- Board Audit Committee

Board diversity

Board diversity at FAB is a key element of effective corporate governance, which strengths decision-making processes and fosters long-term success.

The Board comprises members with diverse professional expertise, skills, gender, and experience, reflecting a commitment to inclusivity and innovation. Efforts to promote board diversity are ongoing, with a focus on strategic succession planning in alignment with good governance practices.

Gender representation on Group and subsidiary Boards

Board	Total Board	Female Representation	% of Women
First Abu Dhabi Bank P.J.S.C	11	1	9%
First Abu Dhabi Islamic Finance P.J.S.C [1]	5	3	60%
First Abu Dhabi Securities - Sole Proprietorship L.L.C [1]	5	3	60%
First Abu Dhabi Bank Misr S.A.E	9	2	22%
FAB Capital Financial Company (A Saudi Closed Joint Stock Company)	6	0	0%
FAB Private Bank (Suisse) SA	7	1	14%
FAB Global Business Services Limited [2]	5	0	0%
First Abu Dhabi Bank USA N.V. [3]	8	2	25%
First Gulf Libyan Bank [4]	7	1	14%
Lime Consumer Finance - Egypt	7	2	29%
Overall			21%
Local Boards			33%
International Boards			64%

[1] First Abu Dhabi Bank Securities - Sole Proprietorship L.L.C and First Abu Dhabi Islamic Finance Pvt. JSC are FAB local subsidiaries.
[2] The FAB India board is the board of FAB Global Business Services Limited, which provides enablement services to the FAB Group.
[3] The First Abu Dhabi Bank USA N.V. subsidiary follows a two-tier board structure, including a management board and supervisory board.
[4] FAB owns 50% of the share in First Gulf Libyan Bank and exercises control over the investee as it has a majority of votes on the Board of the entity.

Remuneration disclosure

The Board Remuneration and Nomination Committee (REMCO) reviews and recommends the level of Board member remuneration to the AGM for consideration and approval. The overall Board remuneration is a fixed annual amount derived in accordance with regulatory requirements.

Directors' remuneration

Total remuneration paid to the Board members in 2024 (for the year 2023):

Board member	Roles	2024 Total amount (AED)
His Highness Sheikh Tahnoon bin Zayed Al Nahyan	Chairman	16,250,000
His Excellency Sheikh Mohamed bin Saif Al Nahyan	Vice Chairman	3,600,000
His Excellency Jassem Mohammed Bu Ataba Al Zaabi	Director	3,500,000
His Excellency Dr. Sultan Ahmed Al Jaber	Director	3,500,000
Her Excellency Mariam bint Mohammed Saeed Hareb Almheiri	Director	2,225,000
His Excellency Sheikh Ahmed Mohammed Sultan S. Aldhaheri	Director	2,650,000
His Excellency Mohammed Thani Murshed Ghannam Alrumaithi	Director	2,700,000
His Excellency Mohamed Saif Al Suwaidi	Director	3,000,000
His Excellency Waleed Al Mokarrab Al Muhairi	Director	3,000,000
His Excellency Homaid Abdulla Al Shimmari	Director	2,350,000
His Excellency Khalifa Ateeq Al Mazrouei	Director	2,225,000

Total Board member remuneration

	Proposed 31 Dec 2024 AED'000	31 Dec 2023 AED'000	31 Dec 2022 AED'000
BOD remuneration paid during the year	-	45,000	45,000
BOD remuneration proposed for 2024 (to be paid in 2025)	45,000	-	-

Board induction and training

When new directors are appointed, they are provided with a comprehensive and tailored induction pack covering all aspects of governance at the Bank to ensure they can discharge their responsibilities and undertake their work with due care and skill. This includes materials on Board committees, Board governance frameworks, fellow directors and senior management skills and experience, external reporting, Board ethics, relevant regulatory guidance and policies and an outline of the business and market.

Continuous Board education/information

To complement its comprehensive Board induction program, FAB also provides continuous Board education/information to ensure directors are provided with a more granular understanding of the business and relevant regulatory developments.

This year's Board education materials featured a strong risk focus, providing insight into the impact of interest rates, liquidity risk and climate risk. Board members were also provided with a monthly review and outlook on global economic indicators, geopolitical and regulatory developments, and FAB versus peer performance.

Regular feedback from Board members on the education packs ensures the continuous refinement and development of Board education moving forward.

Board evaluation

The Secretary of the Board conducts an annual assessment of Board performance, which includes:

- Board organisation, structure and objectives
- Board meeting processes
- Board responsibilities and performance
- Board interaction with senior management

In addition, an independent Board evaluation is conducted periodically in accordance with regulatory requirements.

Recommendations are considered and addressed to enhance the governance structure across the Board and its committees, and their charters are reviewed/updated on a yearly basis.

The Board evaluation conducted in 2024 yielded positive results. Feedback highlighted that meeting allocated adequate time to pertinent topics, notably to the Group strategy and budget, in addition to Market updates. Board members were recognised for possessing the requisite skills and experience to address relevant matters, and materials were promptly disseminated. During 2024, there had been excellent collaboration and engagement between the Board and the Board Committees on the matters that required critical evaluation and decisions.

Board Meetings and Agenda

Board activities in 2024

- Reviewing the financial performance of the Bank, including the annual budget
- Reviewing Group strategy, including long-term strategic planning, strategic initiatives, business acquisitions and integration (including technology, cloud strategy and Artificial Intelligence)
- Reviewing Board committee reports: Risk, ESG, Remuneration, Nomination and Governance, Compliance and Audit
- Approval of leadership and succession planning
- Reviewing the annual Board evaluation

The Secretary of the Board is Grace Abou Mrad who was first appointed in 2023.

Board meeting attendance

Date of board meeting	Number of director attendees
31 January 2024	10/11
30 April 2024	11/11
24 July 2024	10/11
17 October 2024	10/11
27 November 2024	10/11
12 December 2024	10/11

Board Committees

Board committees play a crucial role in decision-making processes and supporting the Board in the execution of its responsibilities. These specialist committees help share the Board's workload, while the close involvement of Board members in these committees provides better oversight of business activities.

Due to their specialised nature, committees are able to conduct research and the analysis of technical matters. They are empowered to make recommendations to the Board for ultimate approval. FAB has established the four Board committees set out below. Each committee has an independent non-executive director as the committee Chair. The committees are required to meet as frequently as deemed necessary to fulfil their objectives and to allow sufficient time for discussions, presentations, deliberations and decisions to be taken.

Board Management Committee (BMC)

The BMC provides key management support to the Board, overseeing the management of the FAB Group's portfolio, ensuring alignment with the Bank's strategic policies and that business is conducted within the Bank's risk appetite.

In 2024, the BMC reviewed and approved the Bank's financial performance, its risk and credit risk appetite, key technology investments and capital expenditure. It also oversaw the implementation of the Bank's local and international projects and strategy, while taking market changes and challenges into account.

In 2024, the BMC held nine committee meetings.

BMC meeting attendance

Date of meeting	Number of attendees
29 January 2024	3/3
25 April 2024	3/3
6 February 2024	3/3
18 March 2024	3/3
11 June 2024	3/3
19 July 2024	2/3
14 October 2024	3/3
26 November 2024	3/3
12 December 2024	3/3

The Committee Chairman acknowledges his responsibility for the Committee system within the company and has reviewed its operational mechanism and ensured its effectiveness.

Board Remuneration and Nomination Committee (REMCO)

The REMCO is responsible for approving and overseeing the Bank's compensation and reward structures, as well as their implementation, and provides the Board with recommendations for key senior management appointments.

In 2024, the REMCO conducted a comprehensive review of FAB's rewards strategy, introducing long-term incentives to align senior executive compensation with the Bank's long-term objectives. The REMCO also approved EXCO succession planning, the appointment of senior management positions, and director appointments for both local and international subsidiary Boards, alongside local and international human resources and remuneration policies.

In 2024, the REMCO held four committee meetings.

Date of meeting	Number of attendees
24 January 2024	3/3
09 July 2024	3/3
24 September 2024	3/3
26 November 2024	2/3

The Committee Chairman acknowledges his responsibility for the Committee system within the company and has reviewed its operational mechanism and ensured its effectiveness.

Board Risk and ESG Committee (BRESGC)

The BRESGC provides holistic oversight and advice to the Board on the enterprise-wide risk strategy and risk profile of the FAB Group. The committee approves the Group risk appetite framework in line with the business strategy and operating environment and drives the desired risk culture in the Group.

In 2024, the committee reviewed reports on the macroeconomic and geopolitical outlook and impact of key developments, as well as the Group risk profile, risk appetite reports, risk management strategy and initiatives, the Internal Capital Adequacy Assessment Process (ICAAP) and stress tests. It also assesses regulatory developments and mitigating actions for all material risks of FAB group such as credit, capital, liquidity, market and interest rate risks, operational risk, fraud, information security, technology risks, model risk, legal, ESG, corporate governance, Shari'ah compliance, reputation and strategic risks.

The committee also approves Group risk frameworks and policies, and provides comprehensive oversight on ESG matters. In 2024, members discussed and reviewed updates on FAB's ESG strategy, net zero commitments, ESG scorecard, ESG risk management framework and policies, climate risk stress tests, ESG reporting and disclosures, as well as ESG-related trends and regulatory developments.

In 2024, the BRESGC held four committee meetings.

BRESGC meeting attendance

Date of meeting	Number of attendees
22 January 2024	5/5
18 April 2024	5/5
11 July 2024	4/5
16 October 2024	5/5

The Committee Chairman acknowledges his responsibility for the Committee system within the company and has reviewed its operational mechanism and ensured its effectiveness.

Board Audit Committee (BAC)

The BAC provides oversight of Internal Audit, Internal Shari'ah Audit, as well as Group Compliance and the Statutory External Auditors. It has oversight over the FAB Group, including International Branches, in order to provide a reasonable level of assurance on overall controls, levels of compliance and the governance of these operations. As part of these responsibilities, the BAC oversees various Regulatory Reviews and Examinations and discusses the regulations and laws impacting the Bank and the Group's Internal Audit, Internal Shari'ah Audit and Compliance processes.

In 2024, the BAC approved the Bank's Risk-Based Audit Plan, Budget and Resource Requirements, endorsed the revision and updates of Charters, Policies and Procedures in alignment with UAE and International Standards and Regulations related to Internal Auditing and the Central Bank of UAE Corporate Governance Regulations, including departmental initiatives and Group Internal Audit KPIs, which are monitored on a quarterly basis.

The Committee assessed a range of internal and external factors including cyber threats, business resilience and continuity, and operational and fraud risks. The BAC also discussed the proceedings of FAB's Subsidiary Board Audit Committee meetings across several countries.

As part of its Group compliance oversight, the BAC reviewed and endorsed Group compliance policies and proactively discussed the management of compliance risks within the FAB Group. The BAC met with the external auditor periodically to discuss matters pertaining to the quantitative and qualitative aspects of the Bank's financial results, including Financial Statement Disclosures. This included oversight of the performance of the Statutory Auditors, their independence, materiality of issues and the re-appointment of the auditors at a Group level.

In 2024, the BAC held four Committee meetings.

BAC meeting attendance

Date of meeting	Number of attendees
29 January 2024	5/5
25 April 2024	5/5
22 July 2024	4/5
14 October 2024	5/5

The Committee Chairman acknowledges his responsibility for the Committee system within the company and has reviewed its operational mechanism and ensured its effectiveness.

External Auditors

1. Oversight by board audit committee

The board audit committee is responsible for overseeing the work of the statutory auditor and will meet with the statutory auditor at least once per year without the presence of management to discuss matters related to the audit and their observations.

During the fourth quarter of each year, the audit and audit related services (provided and to be provided) list is obtained from the Statutory Auditor along with its related fees (paid and to be paid) and this is presented to the Board Audit Committee meeting in the following financial year (generally held at the end of January each year). Subsequently, if for any reason, the audit fees exceed 10% of the last approved amount, the incremental amount must be approved by GCFO and tabled for ratification by the BAC at the following Audit Committee meetings. No additional authority is delegated for approval of services obtained from the statutory auditor. Unused pre-approval amounts are not carried forward to the next year. Pre-approvals will be made by category of service and cannot be transferred between categories.

The FAB Group Board Audit Committee keeps the Board of Directors advised at least on an annual basis of the fees paid to the Statutory Auditor for Audit, Audit Related and Non-Audit services. The written advice includes:

- The total amounts paid or payable to the Statutory Auditor for non-audit services provided during the year and the proportion of such fees in relation to the Audit fee; and
- Confirmation that the Board Audit Committee is satisfied that the provision of non-audit services during the year has not compromised the independence of the Auditors.

2. Management of non-audit services

Permitted non-audit services are those services that are permissible under the International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants (IESBA code) and can be performed by the Statutory Auditor of the Group.

For these services, when the Statutory Auditor is engaged, the scope of the services and the fees can be proposed / recommended by the GCFO and to be approved by the Group Board Audit Committee. Additionally, these engagements including the nature and amounts are reported to the Group Board Audit Committee on a quarterly basis.

Appointment of auditors

The FAB Group Board is responsible for the recommendation of an independent Statutory Auditor, based on inputs received from Group Finance through the BAC, with the appropriate skills, knowledge, resources, sufficient experience and who is accredited / licensed by the relevant authorities, subject to shareholder approval at the AGM and approval from CBUAE.

Selection criteria

The Board Audit Committee will evaluate potential Statutory Auditors on several criteria including, but not limited to:

- The auditor being properly constituted in accordance with relevant laws and regulations;
- The independence of the Statutory Audit firm from FAB Group and its ability to maintain independence throughout the engagement; FAB Group has a right to immediately terminate the service of the Statutory Auditor once their independence has been compromised where material and issue cannot be mitigated by the actions of management or auditor ;
- There being no conflict-of-interest situations that could affect the independence of the Statutory Auditor;
- Arrangements that are proposed to enable partner rotation and succession planning;
- Professional competency, experience and integrity of key personnel;
- The Statutory Auditors compliance with relevant professional Codes of Ethics;
- The thoroughness of the audit approach and methodology; and
- The cost effectiveness.

The Statutory Auditor is appointed on an annual basis in accordance with applicable laws and regulations in force and their total duration of appointment shall not exceed a maximum of six consecutive years. In the event that the FAB Group Board, or the shareholders at the AGM, decide that a new Statutory Auditor is required:

- The Board Audit Committee will prepare a shortlist of candidates that meet their selection criteria and ascertain their willingness to act as Statutory Auditor;
- Interested candidates will be required to submit a proposal addressing the Board's criteria as well as a statement that they are independent;
- The Board Audit Committee will interview candidates in order to further assess their suitability;
- The Board Audit Committee will subsequently meet to determine the preferred candidate and make a recommendation to the Board on the selected candidate and the recommended auditor engagement fees;
- The FAB Group Board Secretary will thereafter arrange the necessary notices, meetings, and resolutions to allow for the resignation or removal of the existing auditor and the appointment of the new auditor;
- When reappointing a Statutory Auditor from one fiscal year to another, the audit quality indicators for the Statutory Auditor's work throughout the previous year must be evaluated, and ADAA's comments on the performance of the Statutory Auditor as well as any other matters that may affect the decision to reappoint the Statutory Auditor shall be taken into consideration;
- The FAB Group must carry out a procurement procedure to rotate the external audit firm at least once every six years. Following rotation, a cooling off period of three years must be observed before the same firm may be reselected. In addition, the Bank must rotate the external audit partner in charge of the audit every three years.
- Upon appointment of a new Statutory Auditor, Board Secretary will notify the relevant local authorities of the same, as required by the applicable regulations For subsidiaries and international branches, Country's Chief Financial Officer (CFO) or Head of Finance shall notify to the respective regulators.

Audit services

Audit services can be defined as services rendered by the Group's statutory auditor for the audit and review of the financial statements or services that are normally provided by the statutory auditor in connection with statutory and regulatory filings. These services shall be submitted for approval to the Board Audit Committee as part of the annual audit plan cycle.

Audit related services

Audit related services are services other than 'audit services' for which the auditor of the entity is an appropriate provider particularly where those services are required by law or regulation relating to the jurisdiction and activities of the subject entity.

Non-audit services

Non-audit services are services which do not fall in the above two segments of service and are also not part of prohibited services. The external audit firm engaged by the Bank, including its Affiliates or Subsidiaries, must not provide any non-audit services to the Bank during the financial years of its external audit mandate, which could impair its objectivity and independence.

2024 audit

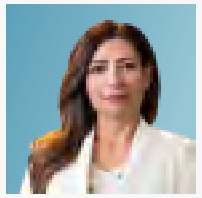
Pricewaterhouse Coopers Limited Partnership have been re-appointed as the external auditors of the Group for the financial year ending 31 December 2024.

No reservations were raised by the external auditor in respect of the Audit year ended 31 December 2024.

Auditor's remuneration

	31 Dec 2024 AED mn	31 Dec 2023 AED mn
Audit services	12	12
Audit related services	10	8
Non-audit services	1	5
Total auditor's remuneration	**23**	**25**

Senior Management



Hana Al Rostamani
Group Chief Executive Officer

Hana Al Rostamani is the Group Chief Executive Officer of First Abu Dhabi Bank (FAB). Headquartered in the United Arab Emirates, FAB has a global footprint across 20 markets, holds a credit rating of AA-, manages assets exceeding USD 330 billion, and generated over USD 4.6 billion in net profit for the full year 2024.

Since becoming FAB's Group CEO in January 2021, Hana has promoted a culture of innovation and inclusion, with a clear strategy to form strategic business partnerships, deliver sustained shareholder value, develop AI-based and technological capabilities and drive operational excellence across the Group. Her stewardship has seen FAB establish a reputation as the UAE's global bank, cementing its position among the world's largest banking groups and connecting the Middle East to the world's best investment opportunities.

Hana has also steered FAB to become the region's leading bank for sustainable finance, committing to lend, invest, and facilitate over AED 500 billion (USD 136 billion) in sustainable and transition financing by 2030.

With more than 25 years in banking and finance, Hana is the first female CEO of a UAE-based bank. She was previously FAB's Deputy Group CEO and Group Head of Personal Banking, driving the business's transformation as a leader in innovation and financial technology. Before that, she had held senior leadership roles in different banks and organisations.

Hana serves on several boards, including Buna, the Arab Monetary Fund's cross-border payment system; the Institute of International Finance; the International Institute for Management Development; and the executive board of the US-UAE Business Council. Hana also serves as the Chair of the Principals Group of the Net -Zero Banking Alliance and has previously served as a chairwoman of the Global Council on Clean Energy for the UN's Sustainable Development Goals.

Hana is a graduate of George Washington University in the United States, where she earned a bachelor's degree in business administration and a master's degree in information management. Hana is a UAE national and is married with three children.

Lars Kramer
Group Chief Financial Officer

Lars Kramer is the Group Chief Financial Officer (CFO). He has the responsibility to oversee the Bank's financial activities, including Group-wide finance, treasury, investor relations, and strategy.

Lars joined FAB from Netherlands-based ABN AMRO where he was CFO from June 2021. He has extensive banking industry experience across several senior leadership positions including as Group CFO at Hellenic Bank. For almost 20 years he worked with ING, where he was CFO for ING Direct, ING Retail Banking Direct and International, and ING Commercial Bank. With his extensive industry expertise, Lars can provide insights and commentary on capital markets, portfolio management, credit risk, financial risk, and asset and liability management – and he is also a trusted voice on issues related to tax and banking strategy.

Lars is a Chartered Accountant and holds a Bachelor of Science in Accounting from the University of South Africa and a Master of Business Administration (MBA) from the University of Cape Town, specialising in finance, markets, and strategy.

Lars was appointed as Group Chief Financial Officer on the 1st of May, 2023.

Chris Jaques
Group Chief Risk Officer

Chris Jaques is the Group Chief Risk Officer at First Abu Dhabi Bank (FAB), responsible for leading the Group's Risk Management, Sustainability, and Legal departments.

With more than 30 years of experience across global financial markets, Chris is an international banker with a wealth of knowledge and expertise following various leadership roles in fixed income derivatives trading, multi-asset fund management, and risk management.

Before joining FAB, Chris was based in London, where he served as the Chief Risk Officer for the UK and Ireland and Global Head of Enterprise Risk Management at Deutsche Bank.

Chris earned his MBA from the Cranfield School of Management in the UK.

Chris was appointed as Group Chief Risk Officer on the 5th of August, 2024.

Martin Tricaud
Group Head of Investment Banking

Martin Tricaud is the Group Head of Investment Banking of First Abu Dhabi Bank (FAB). He is also the acting Group Head of International Banking.

Martin has over 30 years of banking and corporate finance experience across institutional businesses. In his role at FAB, Martin has the responsibility for leading and growing our Group-wide Investment Banking business, overseeing Global Corporate and FI Coverage, and Global Corporate Finance. With a focus on regional expansion, Martin has led the development of the FAB product proposition and the client coverage model and is reinforcing FAB's positioning as a regional leader in the Investment Banking space. Martin has also been instrumental in the development of FAB's ESG proposition.

Prior to joining FAB, Martin held several senior leadership positions with the HSBC Group, in the Middle East, North Africa, Turkey, Australia, Korea, UK and Europe. In addition to leading FAB's Investment Banking franchise, Martin is the chairman of the bank's FAB Suisse subsidiary and vice chairman for the FAB Capital Saudi Arabia Board, and a member of the Board of Directors for GCFC (Global Climate Finance Centre). He is also a trustee of the Université Paris II Assas, Sorbonne, and was appointed a Conseiller du Commerce Exterieur de la France by French Prime Minister decree in 2001.

Martin graduated from the Institut d'Etudes Politiques de Paris, and holds a master's in law from La Sorbonne University, Paris, and a bachelor's degree in history from Paris Nanterre University. Martin has lived in the Middle East (UAE and Egypt) for 12 years.

Sameh Abdulla Al Qubaisi[1]
Group Head of Global Markets

Sameh AlQubaisi is the Group Head of Global Markets, overseeing the business unit that includes sales, trading, investments, and market insights. With a combination of broad reach, deep insights and a multi-asset platform, the FAB Global Markets franchise provides clients with world-class investment, secured financing and hedging solutions to pursue growth while carefully managing risk.

Prior to his current role, Sameh served as director general of economic affairs at the Abu Dhabi Department of Economic Development, where he led teams responsible for Abu Dhabi's economic strategy, SME policymaking, logistics and trade facilitation, the Competitiveness Office of Abu Dhabi, the Industrial Development Bureau, the Abu Dhabi Residents Office, the Abu Dhabi IPO Fund and the Tourism Development Programme. He also played a pivotal role at the Abu Dhabi Investment Office, focussing on investments, FDI and public-private partnerships.

Sameh's 20-year career in global banking and finance also includes several board appointments and leadership roles. He is currently a board member at Wio Bank, Etihad Credit Insurance and Emirates Angels. Previously, Sameh served as the global head of Global Markets sales and regional CEO of northeast Asia for the National Bank of Abu Dhabi. Sameh also held senior positions at CAPM Investments, Finance House, Standard Chartered Bank, HSBC, and National Bank of Dubai.

Sameh holds a bachelor's degree in international relations with a minor in political science and economics from Rollins College in the United States.

[1] Position held until January 2025

Sara Al-Binali
Group Head of Corporate and Commercial Banking

Sara Al-Binali is the Group Head of Corporate and Commercial Banking. Sara has over 24 years of experience in financial services, investment, and banking. In her role at FAB, she is responsible for leading and growing the Corporate and Commercial division and for ensuring that it is aligned with the Group's overall vision, strategy, and direction.

Prior to this role, she served as the Head of Business Banking – responsible for driving the SME business for FAB. She also headed Strategic Planning for FAB and at First Gulf Bank (FGB) as it was known then, before FAB was created as a merged entity of FGB and the National Bank of Abu Dhabi (NBAD). Before this she was Deputy Head of FGB's International Business Group. Sara started her career at the Abu Dhabi Investment Authority (ADIA) working across several key investment management roles that were specifically focused on Far East Equities. She sits on number of boards including First Abu Dhabi Bank Securities, and Reem Finance.

Sara graduated from Northwestern University in the United States with a degree in economics – and holds an Excellence and Awareness certification that she obtained at INSEAD's Singapore campus.

Futoon AlMazrouei
Group Head of Consumer Banking

Futoon AlMazrouei is the Group Head of Consumer Banking UAE. With over 15 years of experience in the banking sector, she has garnered a plethora of awards in recognition of the value that she has brought to the banking and financial sector.

Futoon brings extensive experience to her current role, having previously held leadership positions within FAB's consumer banking business, including her role as Head of Elite Banking, where she was central to driving the Group's digital transformation agenda. Futoon has always been an advocate for customers and at the forefront of digitalisation of banking services as part of ensuring that banks serve their customers safely and securely. Under her leadership, FAB's Consumer Business has received multiple awards, including: the MEA Finance Award for Best Mobile Banking Service Implementation, the Best Use of Data and Analytics at the Digital CX Awards for Dubai First in 2023, further cementing Futoon's vision for the Bank's consumer services. In addition to winning awards for the Bank, Futoon has been named one of the Middle East's Top Women in Banking by Global Money Monitor in 2023 and is the first woman to sit on the board of the Abu Dhabi National Insurance Company (ADNIC). Futoon is the Council Member for Visa and Member for Mastercard MENA Executive Council (MMEC). She also sits on the boards of several prominent companies in the GCC and North Africa such as FAB Islamic, WIO Bank, Bank FABMISR. She is a Board member of the Sheikha Fatima Fund for Women Refugees.

Futoon holds a bachelor of science and mathematics degree from UAE University, Al Ain and graduated from the Executive Program in International Management at Stanford Graduate School of Management in Singapore.

Michel Longhini

Group Head of Private Banking

Michel Longhini is the Group Head of Private Banking where he is responsible for strengthening the Bank's private banking proposition and reach by driving growth and depth across its UAE and international footprint. Michel focuses on enhancing FAB's offering by ensuring that the Bank's Private Banking platform creates long-term prosperity for its clients through highly customised solutions and access to dynamic investment opportunities.

Michel has three decades of experience in private banking and prior to joining FAB he was the CEO of Private Banking at Edmond de Rothschild in Switzerland. Before this, he was the CEO of Private Banking at Union Bancaire Privée (UBP SA) in Geneva. Michel spent a substantial part of his career in leading positions across BNP Paribas wealth management. In all his leadership positions, Michel managed teams and developed relationships with key clients based in the UAE and across MENA region.

Michel holds an MSc in Management from EM Lyon Business School.

Suhail Bin Tarraf[1]

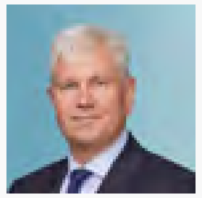
Group Chief Operating Officer

Suhail Bin Tarraf is the Group Chief Operating Officer. As Group COO, Suhail works to achieve FAB's overall vision by ensuring that its business strategy is monitored and translated into annual operational business plans. He is also a leader in championing operational and technology change initiatives regionally and internationally. His responsibilities include capitalising on opportunities for performance enhancement, ensuring cost-effective service development while upholding quality standards and establishing operational infrastructure for the Group's expansion into new markets. Suhail also spearheads the Group's IT strategy from support and assurance as well as steering innovation in data analytics, data governance and procurement to improve customer experience and operational excellence.

Suhail brings nearly 25 years of senior expertise in strategy, operations, technology and human resources to his role. Prior to joining FAB, Suhail served as the Chief Operating Officer for Emirates Islamic Bank. He was previously Chief Executive Officer of Tanfeeth, the shared services subsidiary of the Emirates NBD Group, rounding out a 22-year career with the Group where he led Human Resources and other operational units.

Suhail has completed General Management Programme at the Harvard Business School and has an MBA from The International University. He also has a bachelor's degree in business administration from the American University in Dubai and a series of professional qualifications from institutions including INSEAD and the Hult Business School. He is one of the UAE's leading falconers.

[1] Position held until January 2025



Gareth Powell

Group Chief Human Resources Officer

Gareth Powell is the Group Chief Human Resources Officer. He is responsible for leading and developing the Bank's people and human resources proposition. He has extensive experience in HR functional leadership, including a background and track record in delivering culture change, talent development, and change programmes. Most recently, he was the Chief Human Resources Officer at Commercial Bank of Dubai, and prior to that, he was Chief Human Resources Officer for First Gulf Bank from 2011 to 2016.

Throughout his career, Gareth has held both generalist and specialist roles covering business and HR issues at both a tactical and strategic level. Previously, Gareth was at HSBC for nearly 20 years where he held a variety of senior roles across the group in locations such as Hong Kong, London, the Unites States, Latin America, and the UAE.

Gareth holds a Bachelor of Arts degree in Spanish and French from King's College, University of London, as well as professional qualifications from the Graduate Institute of Personnel Management at Thames University. Gareth is also Fellow of the Chartered Institute of Personnel & Development (CIPD) and is accredited by the British Psychological Society in Psychometric Assessment.

Nurendra Perera

Group Chief Audit Officer

Nurendra Perera is the Group Chief Audit Officer at First Abu Dhabi Bank. Nurendra is responsible for providing independent assurance to the Bank's Board of Directors and Senior Management on the quality and effectiveness of the Group's Internal Control Environment including its Systems and Processes, Risk Management, Compliance, and Corporate Governance Framework.

Nurendra has more than 30 years of banking experience and has held Senior Positions in Governance, Risk Management, Compliance and Internal Audit in prominent UAE and International Banks. He has a master's degree in business administration, specialising in finance, from the University of Leicester in the United Kingdom, as well as a post-graduate diploma in consortium executive leadership and organisation design from INSEAD, in addition to internationally accredited qualifications including CIA, CFSA and CRMA from the Institute of Internal Auditors (USA), CISA and CRISC from ISACA (USA), and CIB from the Chartered Institute of Bankers (UK).

Neil Barrable

Group Chief Credit Officer

Neil Barrable is the Group Chief Credit Officer at First Abu Dhabi Bank (FAB), responsible for leading the Bank's credit function and managing credit risk across all business areas. With nearly 30 years of experience in credit and risk management, Neil brings a wealth of knowledge and expertise to FAB.

Neil joined FAB from HSBC in London, where he was a General Manager and Global Head of Wholesale Credit and Lending. In this role, he led teams responsible for capital allocation, loan portfolio management, balance sheet velocity risk transformation and model development. During his tenure, he worked on growing HSBCs loan distribution capabilities, implementing innovative credit frameworks and automating credit and lending decision processes.

Prior to HSBC, Neil held senior executive positions with several leading international institutions in the UK and Asia Pacific region, including JP Morgan, Barclays Capital, Deutsche Bank and Bankers Trust.

Neil has a bachelor's degree in business science from the University of Cape Town, South Africa.

Neil was appointed as Group Chief Credit Officer on the 21st of May, 2024.

Simon Thorn

Group Chief Compliance Officer

Simon Thorn is the Group Chief Compliance Officer at First Abu Dhabi Bank (FAB), overseeing the Bank's regulatory compliance, anti-money laundering, and financial crime policies and procedures. With a career spanning over three decades in the compliance sector, Simon ensures that FAB maintains the highest compliance standards in all its business activities.

Simon brings a wealth of experience from his previous international roles, most recently as Chief Compliance Officer at Barclays Bank PLC in the United Kingdom. He held various senior leadership positions at Barclays including Deputy Group Compliance Officer and Head of Barclays Compliance Services, navigating complex regulatory landscapes, and implementing robust frameworks across multiple jurisdictions.

Prior to this, he held senior leadership positions in compliance in several high-profile organisations, including Merrill Lynch, Nomura, and UK financial services regulators.

Simon holds a bachelor's degree in economics from the University of Wales.

He was appointed as Group Chief Compliance Officer in February 2024.

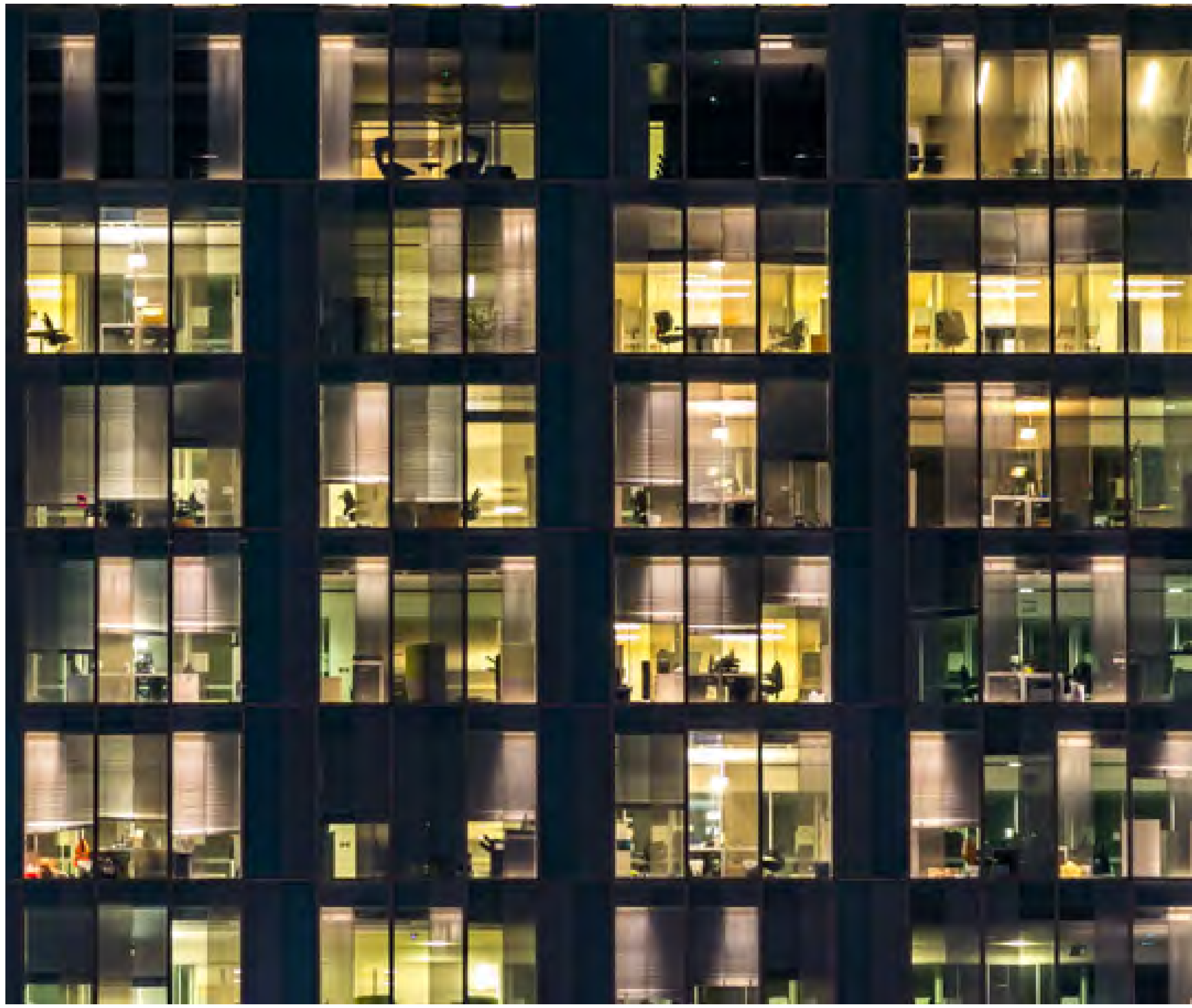
Delegation of Authority

The FAB Board of Directors sets the strategic objectives and risk appetite of the Bank and oversees management. The Board reserves certain powers for itself and delegates certain authority and responsibility for day-to-day management of the Group and the execution of its strategic priorities to the Group Chief Executive Officer (GCEO).

The GCEO in turn delegates certain authorities and responsibilities to Group Executives. Irrespective of any delegation by the GCEO, the GCEO remains accountable to the Board for the exercise of delegated power and management's performance.

The powers are delegated via Powers of Attorney (POAs) issued by the chairman and in turn by the GCEO. In 2023, FAB revised and renewed the POAs issued to the GCEO and to a select group of Group Executives. These POAs were reviewed by Group Legal and notary to ensure the powers are appropriately documented. The renewed POAs are in place for a period of three years, i.e. until 2026.

Further POAs may be issued to other staff in the Bank or to external representatives, such as legal advisors, as appropriate.



Remuneration

FAB's remuneration practices aim to attract and retain talent and align employee performance and conduct with sustainable business strategies while ensuring compliance with the statutory framework of jurisdictions in which the Bank operates.

In 2024, Hana Al Rostamani, the Group Chief Executive Officer, was paid a total of AED 16,842,431/-, Lars Kramer, the Group Chief Financial Officer, was paid a total of AED 4,014,708/-, and Christopher Jaques, the Group Chief Risk Officer who commenced on 5th August 2024, was paid a total of AED 1,870,126/-. All values are actual cash paid in 2024.

The total remuneration paid in 2024 to all of the Bank's Group Executives was AED 76,446,029/-.

Through the board and board committees, FAB regularly reviews its remuneration practices to ensure alignment with the following principles:

Market competitiveness (attracting and retaining talent)

Overall remuneration and its components are benchmarked to the market annually to ensure FAB remains competitive in line with its brand and value proposition.

Pay for performance and shareholder alignment

- Ensure a healthy pay mix of fixed and variable pay, while focussing on not only what is achieved but how
- Variable pay aligns with performance through a KPI scorecard at individual and function levels, emphasising sustainable performance that is aligned with shareholder interests.

Risk management

- Maintain robust governance for the review and approval of compensation programmes, including the risk perspective
- Includes risk- aligned variable awards with deferrals, malus and clawback provisions to encourage long term alignment with FAB's interests

Material risk takers

FAB has a structured framework to identify employees whose professional activities have a significant impact on FAB's risk profile, classified as Material Risk Takers. The identification framework undergoes annual review in line with regulatory guidelines, with any change subject to approval by the Human Resources Steering Committee.

Overall, FAB's remuneration and reward approach is designed to align with global best practices. This ensures that our compensation programs are competitive and performance-driven.

Management Committees

Committee	Responsibilities	Number of meetings in 2024
Group Executive Committee (EXCO)	The Group Executive Committee (EXCO) supports the Group Chief Executive Officer to determine and implement the Group's strategy as approved by the Board, including decisions on the annual budgets, monitoring ongoing budget management and business performance, decisions on key strategic initiatives and review of material projects and training on topics such as cyber resilience.	8
Group Asset and Liability Committee (GALCO)	The Group Asset and Liability Committee (G-ALCO) provides oversight of the structure and quality of the balance sheet. It is directly accountable to the BRESGC for ensuring that the risks within the Group's asset and liability position are prudently managed, supported by the Bank's policies and procedures and an appropriate risk framework.	12
Group Technology Steering Committee (GTSC)	The Group Technology Steering Committee (GTSC) has oversight responsibilities for all technology and information systems across the FAB Group and supports the work of the Board Risk and ESG Committee in its oversight of the Group IT governance framework. GTSC makes recommendations to Group EXCO regarding significant technology investments in support of the Group's strategy. GTSC also ensures alignment of business strategies with technology priorities and acts to protect investment in technology. In 2024, GTSC provided executive oversight on the technology landscape, and the technology investment portfolio along with the technology budget position on a monthly basis. It also provided oversight of strategic projects via the Central Programme Management Office as well as technology service management including service quality improvements and resilience together with approving technology related policies.	12
Group Risk Committee (GRC)	The Group Risk Committee (GRC) develops and recommends the Group Risk Strategy, Enterprise Risk framework, Risk appetite and risk policies in line with the Group's strategy and business plan. The GRC monitors the Group's risk profile and risk culture. The GRC meets quarterly and reports relevant matters to the Group EXCO and, as appropriate, directly to the Board Risk and ESG Committee. In 2024, the GRC reviewed the Bank's Group Risk Strategy, reports on the impact of the macroeconomic geopolitical environment, Group risk profile and appetite reports, capital position and results of stress tests, regulatory developments, Group risk management initiatives and special risk papers on present and emerging risk matters with management actions.	4
Group Credit Committee (GCC)	The Group Credit Committee (GCC) is responsible for developing and implementing the Bank's credit and lending strategies and related policies and procedures. The GCC oversees the Bank's and its subsidiaries' credit performance and portfolio quality.	8

Committee	Responsibilities	Number of meetings in 2024
Group Compliance Committee	The Group Compliance Committee oversees the Bank's regulatory responsibilities and ensures compliance with the rules and regulations applicable to FAB, both domestically and across its international operations. It provides proactive and continuous oversight of regulatory trends, themes and issues impacting FAB globally. During 2024, the Group Compliance Committee oversaw the management of compliance risk in the context of ongoing complex geopolitical developments and an evolving regulatory, financial crime and sanctions risk landscape.	4
Group ESG Committee	The Group Environmental, Social and Governance Committee is responsible for promoting and overseeing the ESG strategy, net-zero plans, culture and awareness across the FAB Group. It reports relevant matters to the Board Risk and ESG Committee, advising and informing BRESGC members about the Group's ESG framework and indicators. During 2024 the Group ESG Committee endorsed FAB's action plan for Islamic Sustainable Finance, FAB's ESG risk framework and policy, climate-risk framework and sustainability-related disclosure policy to the BRESGC. It also approved several ESG reports and continued to provide guidance on ESG development and performance through diligent review of the Group's ESG metrics progress against targets.	5
Group Human Resources Steering Committee (HRSC)	The Group Human Resources Steering Committee (HRSC) ensures FAB is positioned well as an employer of choice and that the Bank's strategic people agenda is defined and executed. HRSC provides a forum to discuss and approve HR polices and initiatives and governs implementation.	4
Group Technology Risk and Information Security Committee (GTRISC)	The Group Technology Risk and Information Security Committee (GTRISC) oversees, reviews and takes decisions on technology, information security, data privacy and business continuity management- related risk management, including its alignment to the risk appetite of the FAB Group. In 2024, the GTRISC discussed information/cyber security and its impact on FAB's risk profile, provided oversight on FAB's cloud adoption and exit strategy and AI governance. It also monitored the evolving data privacy regulatory landscape to ensure ongoing compliance, provided oversight on FAB's business continuity programme to ensure organisational resilience and also discussed and reviewed cyber insurance to manage the risk appetite of the Bank.	6
Group Operational and Fraud Risk Committee (GO&FRC)	The Group Operational and Fraud Risk Committee (GO&FRC) reviews the Group's operational risk and fraud risk management strategy, ensures that the most appropriate framework is in place, and assists BRESGC by overseeing the Bank's operational and fraud risk management. The committee defines guidelines to identify and manage operational and fraud risks in all new products, processes, and activities. In 2024, it tightened the Bank's risk management tools and strategies, ensuring that FAB's performance and risk profile are within its risk appetite. It also improved the Bank's operational risk management policy and the committee further strengthened governance through re-enforcing risk ownership and accountability. FAB continues to evolve its fraud risk management capability by investing in advanced technological solutions to combat current and emerging fraud trends.	5

Subsidiaries, Branches, and Representative Offices

FAB has an extensive network of international and local subsidiaries, as well as branches and representative offices across Europe, America, Africa, the Middle East and Asia. These entities offer a variety of services directly to clients and all adhere to the FAB Group corporate governance framework and policy.

FAB's UAE subsidiaries, which are locally regulated, maintain individual frameworks and governance arrangements appropriate to their business, under the oversight and control of the Group. Similarly, FAB's international subsidiaries are required to meet the regulatory standards of their local jurisdictions.

Both international and local subsidiaries have their own Boards of Directors and, where necessary, Board Committees, as mandated by law or regulation. FAB's international subsidiary footprint spans countries such as Switzerland, Saudi Arabia, Egypt, the USA (Curaçao) and India. The boards of these subsidiaries are represented by senior banking professionals with a range of expertise in areas such as banking, finance and risk management, alongside technology and ESG. Independent directors are also appointed in accordance with local regulations. All board appointments at a subsidiary level must receive approval from senior management and the Group's Board Remuneration and Nomination Committee.

In addition to subsidiaries, FAB operates through branches and representative offices in more than 16 countries, delivering services locally with regional and Group-level support as needed. FAB has branches in the following 11 international locations: Bahrain, Kuwait, Oman, Saudi Arabia, Singapore, Malaysia, India, the United Kingdom, France and China (Hong Kong and Shanghai).

The Group also operates representative offices in five countries, including Indonesia, Brazil, Switzerland, Iraq and South Korea, further extending the FAB's global presence. Under FAB's international governance model, consistency is ensured throughout its operations, with training and reviews conducted to ensure compliance with Group and country-specific governance standards.

List of principal UAE and international subsidiaries as at 31 December 2024

Legal name	Country of incorporation	Principal activities
First Abu Dhabi Bank USA N.V.	US (Curaçao)	Banking
First Abu Dhabi Bank Securities - Sole Proprietorship L.L.C	United Arab Emirates	Brokerage
Abu Dhabi National Leasing LLC	United Arab Emirates	Leasing
Abu Dhabi National Properties Pvt. JSC	United Arab Emirates	Property Management
FAB Private Bank (Suisse) SA	Switzerland	Banking
First Abu Dhabi Islamic Finance PJSC	United Arab Emirates	Islamic Finance
Abu Dhabi Securities Brokerage Egypt [1]	Egypt	Brokerage
NBAD Employee Share Options Limited	United Arab Emirates	Shares and Securities
First Abu Dhabi Bank Representações Ltda	Brazil	Representative office
FAB Global Markets (Cayman) Limited	Cayman Islands	Financial Institution
Nawat Management Services - One Man Company LLC	United Arab Emirates	Services
Mismak Properties - Sole Proprietorship L.L.C ("Mismak")	United Arab Emirates	Real estate investments
Shangri La Dubai Hotel LLC (Subsidiary of Mismak)	United Arab Emirates	Real estate investments
First Merchant International LLC ("FMI")	United Arab Emirates	Real estate investments
FAB Employment Services LLC	United Arab Emirates	Resourcing services
FAB Resourcing Services LLC (Subsidiary of Nawat)	United Arab Emirates	Resourcing services
Horizon Gulf Electromechanical Services L.L.C. ("Horizon")	United Arab Emirates	Real estate related services
Horizon Gulf General Contracting LLC	United Arab Emirates	Real estate related services
PDCS Engineering LLC (Subsidiary of Horizon)	United Arab Emirates	Real estate related services
Horizon Gulf Oil and Gas Services LLC (Subsidiary of Horizon)	United Arab Emirates	Real estate related services
FAB Sukuk Company Limited [2]	Cayman Islands	Special purpose vehicle
First Gulf Libyan Bank [3]	Libya	Banking services
First Gulf Information Technology LLC ("FGIT")	United Arab Emirates	IT Services

[1] Under liquidation

[2] FAB Sukuk Company's entire issued share capital is held by Maple FS Limited on trust for charitable purposes.

[3] Although the Bank owns 50% of the outstanding shares of First Gulf Libyan Bank, the investment has been classified as a subsidiary as the Bank exercises control over the investee because it casts the majority of the votes on the Board of Directors.

Legal name	Country of incorporation	Principal activities
FAB Global Business Services Limited	India	IT Services
FAB Capital Financial Company (A Saudi Closed Joint Stock Company)	Kingdom of Saudi Arabia	Financial Institution
First Abu Dhabi Bank Misr S.A.E ("FAB Misr")	Egypt	Banking
FAB Invest SPV RSC Limited	United Arab Emirates	Special purpose entity
1968A SPV RSC Limited	United Arab Emirates	Special purpose entity
1968B SPV RSC Limited	United Arab Emirates	Special purpose entity
1968C SPV RSC Limited	United Arab Emirates	Special purpose entity
1968D SPV RSC Limited	United Arab Emirates	Special purpose entity
Lime Consumer Finance	Egypt	Financial services

Related-party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Related parties comprise major shareholders, directors and key management personnel of the Group. Key management personnel comprise those Executive committee members ("EXCO") of the Group who are involved in the Group's strategic planning and decision making. The terms of these transactions are approved by the Group's management and are made on terms agreed by the Board of Directors or management.

The Group operates in a market dominated by entities directly or indirectly controlled by the government of Abu Dhabi through its government authorities, agencies, affiliations and other organisations, collectively referred to as government-related entities (GREs). The Group's transactions with other GREs are conducted in the ordinary course of its business on terms agreed by the Board.

Details of Board of Directors remuneration and key management personnel remuneration is as follows:

	(audited) 31 Dec 2024 AED mn	(audited) 31 Dec 2023 AED mn
BOD remuneration paid during the year	45	45
Short-term benefits	73	64
Long-term benefits	4	5

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

	Board of directors AED mn	Major shareholders AED mn	Senior management AED mn	Associates AED mn	Total AED mn
As of 31 December 2024					
Financial assets					
■ Investments at fair value through profit or loss	-	81	-	-	81
■ Reverse purchase agreements	-	347	-	-	347
■ Derivative financial instruments	-	17	-	-	17
■ Loans, advances and Islamic financing	2,652	32,218	145	1,042	36,057
■ Non-trading investment securities	-	3,515	-	-	3,515
■ Other assets	21	433	7	-	461
Financial liabilities					
■ Derivative financial instruments	-	267	-	4	271
■ Customer accounts and other deposits	9,736	19,232	61	636	29,665
■ Other liabilities	197	191	1	-	389
Contingent liabilities					
■ Derivatives	-	10,218	-	750	10,968
■ Letter of credit	-	433	-	-	433
■ Guarantees	181	2,058	-	-	2,239
For the year ended 31 December 2024					
■ Interest income	130	1,894	6	59	2,089
■ Interest expense	429	537	1	104	1,071
■ Fee and commission income	9	159	-	44	212
■ Fee and commission expense	-	-	-	126	126
■ Net gain on investments and derivatives	-	121	-	(105)	16

	Board of directors AED mn	Major shareholders AED mn	Senior management AED mn	Associates AED mn	Total AED mn
As of 31 December 2023					
Financial assets					
■ Investments at fair value through profit or loss	-	61	-	-	61
■ Reverse purchase agreements	-	539	-	-	539
■ Derivative financial instruments	-	52	-	-	52
■ Loans, advances and Islamic financing	2,846	30,983	106	862	34,797
■ Non-trading investment securities	-	3,788	-	-	3,788
■ Other assets	27	568	3	1	599
Financial liabilities					
■ Derivative financial instruments	-	224	-	-	224
■ Customer accounts and other deposits	13,038	8,649	47	825	22,559
■ Other liabilities	194	44	1	-	239
Contingent liabilities					
■ Derivatives	-	8,287	-	-	8,287
■ Letter of credit	-	352	-	-	352
■ Guarantees	29	1,073	-	1	1,103
For the year ended 31 December 2023					
■ Interest income	153	1,712	3	42	1,910
■ Interest expense	257	635	1	97	990
■ Fee and commission income	3	61	-	16	80
■ Fee and commission expense				132	132
■ Net gain on investments and derivatives	-	93	-	35	128

As of 31 December 2024, the expected credit losses allowance held against related-party balances amounted to AED 33 million (31 December 2023: AED 34 million).

Corporate Social Responsibility

First Abu Dhabi Bank utilises a combination of customised initiatives, philanthropy and collaborations to deliver on its stewardship goals. The Bank deploys its CSR resources across diverse areas, from working with and supporting people of determination and celebrating the nation's elderly to contributing to pressing regional and international relief needs.

Closer to home, FAB's 2024 CSR highlights included the Bank's extensive Aftir campaign, which provided meals to more than 200,000 individuals across the UAE throughout Ramadan, and the first Climate Action Award for UAE students in partnership with Emirates Foundation. In alignment with the UAE's second Year of Sustainability and building on the nation's COP28 legacy, the Group also led environmental programmes from coral reef restoration to gardening workshops, reinforcing our commitment to biodiversity and climate action.

The Group's community building also includes our work in developing local and regional talent. FAB's Executive Education programmes drew more than 120 senior executives from more than 50 public and private sector organisations in 2024, advancing our goal to transform sectors from within.

Fun and active living also factor into FAB's outreach efforts, with our volunteers participating in walking marathons, fun runs and 'cycling for a cause' initiatives. Overall, more than 9,000 FAB volunteers dedicated more than 28,000 hours to a variety of environmental and social programmes across the UAE in 2024, collaborating with 45 organisations and participating in 60 unique initiatives.

Some of our programmes are outlined below:

Climate/environmental	
Climate Action Award in partnership with Emirates Foundation	FAB's multi-year partnership with the Emirates Foundation to boost sustainability and environmental stewardship across the UAE got off to a strong start in 2024 with the launch of the first Climate Action Award for students. The Award challenged UAE students between Grades 9 and 12 to develop creative, practical and scalable solutions that promote sustainable practices within their schools and the larger community. The competition offered two challenges: to develop innovative educational tools, programmes and activities to raise student and community understanding of carbon footprints, climate change and sustainability; and to design measurable strategies for schools to adopt sustainable practices including energy conservation, waste reduction and green infrastructure. With the support of the Knowledge and Human Development Authority in Dubai and the Abu Dhabi Department of Education and Knowledge, nearly 600 schools were included in the initial outreach, with approximately 15,000 student engagements recorded. More than 180 school engagements and registrations were recorded, along with more than 6,500 views on the dedicated website. More than 30 schools from Dubai, Al Ain and Abu Dhabi participated, submitting full proposals, and five schools were chosen in each theme, to take part in the final pitch day in February 2025. Projects included an interactive sustainability curriculum, mobile apps, a climate legacy simulator, auto-sorting trash heat recovery systems, rooftop gardens and piezoelectric plates and cycle stations. The winning school from each category will receive AED 200,000 in grant funding to help bring their project to reality over the next 12 months.
The green journey	FAB's Green Journey initiative focused on introducing young minds to organic gardening and nurturing a passion for food sustainability. Combining environmental consciousness and practical skills for self-sustenance, this hands-on initiative is a small step towards a much larger future impact. FAB's CSR team, assisted by 50 volunteers contributing 200 hours, conducted five gardening and sustainability sessions across three emirates, engaging more than 360 children and youth through collaborations with community organisations including People of Determination centres, schools, and women's clubs.
Archireef: Helping marine ecosystems recover	Building on the relationship initiated with nature tech company Archireef in late 2023, FAB offered staff with diving certifications the opportunity to witness the positive impact of the artificial reef tiles on marine biodiversity in Abu Dhabi waters. A second deployment will be opened to FAB's retail customers. FAB will also conduct workshops with People of Determination centres to expand awareness of and appreciation for the UAE's marine environment.

Community

Pre-Ramadan Campaign: Minutes of Giving	Minutes of Giving, FAB's pre-Ramadan initiative, gives back to the community by helping families prepare for Ramadan. Building on last year's success, in 2024 more than 300 FAB staff dedicated 1,500 hours to pack and distribute essential items to needy families through the Zayed Charitable and Humanitarian Foundation in Abu Dhabi.
Ramadan campaign: Aftir	The Aftir campaign, a Ramadan initiative organised by FAB, united staff, their families, friends, members of the larger community and various organisations to distribute meals across all seven emirates. For the entire month of Ramadan, 7,000 volunteers dedicated 10,500 hours to prepare and distribute over 55,500 meals to families in need, reaching more than 200,000 individuals. The effort was coordinated in collaboration with multiple charities, including Al Itihad Charity Foundation, Beit Al Khair, Zayed Charitable and Humanitarian Foundation.
Eid campaign: Kiswat Yatim	*Kiswat Yatim*, an Eid initiative sponsored by FAB, brought joy to 50 orphans in the form of new Eid clothes and shoes. In collaboration with the Watani Al Emarat Foundation, 25 FAB volunteers dedicated 75 hours to accompany the children on a memorable shopping spree. Later in the year, FAB provided school supplies to more than 150 orphans to help them start the school year with renewed confidence.
Elderly Day	FAB volunteers spread out across the UAE to celebrate the nation's elders, partnering with Abu Dhabi Police, Sharjah's Home for the Elderly and its Social Services Department and Dubai Police, Dubai Municipality and the Emirates Society for Parents' Care and Relief. Together, more than 55 volunteers dedicated more than 130 hours to spend time with and encourage the nation's seniors, celebrating them with gifts and attention.
UAE Nationals Group Wedding	To celebrate and support Emirati families, FAB sponsored an Emirati group wedding in collaboration with Parents Care. This is a new initiative for FAB, and one we hope to continue.
Darb Al Salama – Road Safety	FAB partnered with Abu Dhabi Police on the *Darb Al Salama* initiative, aimed at fostering a safe driving culture and reducing road accidents. A conference and awareness campaign were held to raise awareness about the dangers and consequences of driving offenses from distracted driving to speeding.

International initiatives

Sheikha Fatima Fund for Women Refugees Resilience and Renewal: **Women Refugee Health in a Changing Climate conference**	In collaboration with Emirates Red Crescent, FAB sponsored the Sheikha Fatima Fund for Women Refugees to support the 'Resilience and Renewal: Women Refugee Health in a Changing Climate' conference. The conference, held in Abu Dhabi, addressed the critical health challenges faced by women and children refugees affected by climate change around the world, emphasising the need for sustainable solutions and improved healthcare access in vulnerable communities.
UAE Stands with Lebanon	In October 2024, FAB participated in the 'UAE Stands with Lebanon' national relief campaign, with 90 volunteers contributing 450 hours to pack aid supplies destined for more than 10,000 individuals affected by the continuing crisis.
Winter Bag Initiative with Zayed Charitable and Humanitarian Association	More than 25 FAB staff contributed 75 volunteer hours to join the Zayed Charitable and Humanitarian Association's relief drive, packing winter clothing and supplies for children, adults and the elderly in need in more than a dozen countries across Asia, Africa, Europe and the MENA region.

Sports

Cycle for a Cause	Through FAB's Cycle for a Cause initiative, 170 amateur cyclists across the country contributed 192,293 km and donated to four charity organisations across the Emirates including Emirates Red Crescent.
UAE Jiu-Jitsu Federation	More than 1,000 students between 4 and 16 years old have benefited from daily training sessions at the First Abu Dhabi Bank Jiu-Jitsu Academy in Zayed Sports City, aimed at preparing a new generation of outstanding athletes.

Education and empowerment

Executive Education programmes: ■ Frontiers in Finance ■ Frontiers in Sustainability ■ Frontiers in Private Equity ■ Frontiers in Data Analytics and Artificial Intelligence ■ CAPM Hackathon	FAB continues to elevate its executive and leadership development offerings. The Bank's Executive Education programme, open to executives across the MENA region, pairs promising regional talent with the best global learning institutions to transform sectors from within. In 2024, over 120 senior executives and leaders from more than 50 public and private sector local, regional, and global organisations invested 5,435 learning hours in five flagship FAB Executive Education programmes: Frontiers in Finance, Frontiers in Sustainability, Frontiers in Private Equity, Frontiers in Data Analytics and Artificial Intelligence, and the CAPM Hackathon. These initiatives, delivered in collaboration with world-class partners including the Yale School of Management, University of Oxford's Saïd Business School, International Institute for Management Development and Khalifa University, foster knowledge exchange, innovation and cross-sector partnerships.

FAB's Approach to ESG Governance

It is widely recognised that financial institutions have an important role to play in effectively addressing environmental, social and governance challenges – for their businesses, customers, the wider industry, and society at large.

At FAB, ESG principles have been fully integrated into our core governance framework, with dedicated committees overseeing the development and implementation of the Group's ESG strategy, frameworks and policies. We are cultivating a corporate culture that reflects the significance of ESG matters in business, fostering collaboration and capacity building across various business lines.

The Board of Directors directs our ESG ambitions in an ethical and transparent way to ensure long-term performance and sustainability. The Board's ESG strategic direction is communicated to the wider Group through the Board Risk and ESG Committee (BRESGC), with support from the Group ESG Committee (G-ESGC) in overseeing ESG strategy, culture and awareness, and shaping FAB's net zero pathway plans.

G-ESGC represents the highest authority at management level for all ESG related decision-making across the Group. It is supported by the ESG and Sustainable Finance Committee (ESG-SFC), which monitors the implementation of the ESG strategy, policies and sustainable finance framework.

FAB's ESG direction is disseminated across the organisation through a Group-wide ESG framework, alongside policies and strategies which are developed by the Group ESG team and implemented by FAB senior management.

Structural overview of ESG governance

Committees with ESG roles

Tier 1

- Board of Directors → Board Risk and ESG Committee (BRESGC)

BRESGC has the highest authority over the Group's enterprise-wide Risk Strategy and Risk Profile, approves Risk Appetite Framework and oversees the Group Corporate Governance framework.

- Group ESG Committee (G-ESGC) → Group Compliance Committee
- Group Risk Committee (GRC) → Group Operational and Fraud Risk Committee (GOFRC)

G-ESGC oversees the ESG strategy, net zero plans, ESG culture and awareness, setting the direction and strategy in alignment with the Board.

Group Risk is the approving committee for ESG and climate risk related matters.

Tier 2

- ESG and Sustainable Finance Committee (ESG-SFC)
- Credit Execution Committee (CEC)

ESG-SFC is responsible for monitoring the implementation of the ESG strategy, net zero emission pathways, ESG risk appetite metrics across operations and portfolios, as well as evaluating and endorsing all new proposed use of proceeds of green bonds and other sustainable-finance transactions.

ESG organisational structure

Leadership Team

- Group Chief Executive Officer (GCEO)
- Group Chief Risk Officer (GCRO)

Implement the ESG strategy, framework and policies based on Board approvals

Drive a strong ESG culture and awareness around changes to the relevant strategies

Ensure compliance with the ESG strategy, framework, and policies

Functional Roles

- Business Lines
- Group ESG Function
- Internal Audit
- Support Functions → 1st line of defence; 2nd line of defence; 3rd line of Defence

1st Line of Defence: Comply with the ESG strategies, framework, and policies, conduct ESG risk assessments, and identify new risks

2nd Line of Defence: Develop and amend the ESG strategies and framework, recommend ESG assessment methodologies (e.g., ESG risk assessments, net zero plans, and climate stress testing)

3rd Line of Defence: Independent review of ESG function as per Risk Based Audit Plan

Key: ESG support function | Existing structure

Emiratisation

FAB's commitment to the UAE's Emiratisation agenda made 2024 a significant milestone in our ongoing efforts to empower UAE nationals in an ever-evolving business landscape. Building on the strong foundation laid in previous years, we have continued to invest in enhancing Emiratisation across functions, demonstrating our dedication to nurturing homegrown talent, and fostering their professional growth.

Achieving greater representation

FAB's Emiratisation efforts continue to deliver significant outcomes with a large portion of core roles now comprised of UAE nationals. This achievement reflects the Bank's strategic focus on cultivating Emirati talent across all organisational levels. As part of this success, FAB achieved **47%** of Emiratis further solidifying our commitment to placing UAE nationals in key leadership positions.

This year, over **40%** of the Group Executive Management positions are held by Emiratis while an outstanding **92%** of management roles across our UAE branches are led by UAE nationals. Female Emirati employees continue to make remarkable strides, constituting a significant portion of FAB's Emirati workforce, showcasing our inclusive approach toward diversity and gender balance.

Emiratisation ratios

Tailored development for Emirati talent

At FAB, we are resolute in providing UAE nationals with opportunities that go beyond traditional boundaries, enabling them to develop skills that align with the Bank's strategic vision and the nation's future aspirations. Through our development centres, we identify skills gaps and curate customised learning programmes in collaboration with leading global organisations and institutions. In 2024, we delivered over **90,000** hours of training with a strong emphasis on digital, functional, and leadership capabilities, empowering Emirati talent to lead in an increasingly dynamic and tech-driven banking environment.

Our Education Assistance Scheme has continued to play a pivotal role in sponsoring UAE nationals to pursue advanced academic qualifications. Furthermore, our Global Mobility Programme offers UAE nationals opportunities to gain international exposure across FAB's global offices, equipping them with invaluable insights into cross-cultural collaboration and global business practices.

Pioneering Emirati talent programmes

To further elevate our Emiratisation strategy, FAB introduced bespoke Emirati programmes in 2024, designed to nurture specialised skills and leadership capabilities among UAE nationals:

1. Reyadah – business development executives

This programme is tailored for highly networked Emirati professionals who excel in leveraging their extensive connections to foster strategic partnerships and drive business development. Reyadah participants are equipped with the expertise to open doors for FAB's sustained growth.

2. Qyadah – senior/mid-career development programme

Focused on preparing experienced Emirati professionals for leadership roles, Qyadah develops the next generation of leaders capable of driving innovation and excellence across departments and subdivisions.

3. IBR – international business relations programme

Designed for Emirati professionals with established relationships in diplomatic and international channels, the IBR programme is instrumental in driving FAB's international business growth. Participants gain the skills and network to navigate complex global markets effectively.

4. Bedaya – pre-graduate programme

The Bedaya Programme is a pioneering initiative designed to engage UAE nationals youth during their university education. As a pre-graduate programme, it empowers students with valuable skills, fostering professional growth and readiness for the workforce specially in the financial sector.

5. Developing future leaders through ethraa

The Ethraa Programme, launched in partnership with the Emirates Institute of Finance, continues to serve as a cornerstone of our strategy to attract and develop young Emirati graduates. With a structured six to nine month learning journey tailored to technical and functional skills, the programme has successfully prepared over **290** active participants, ensuring a robust pipeline of talent for future leadership roles within FAB.

Setting the benchmark for excellence

FAB's relentless pursuit of excellence in Emiratisation goes beyond meeting numerical targets. It is a reflection of our core values and strategic vision to be the region's most trusted and innovative financial partner. By creating meaningful career opportunities, investing in tailored development programmes, and fostering an inclusive culture, FAB is proud to be at the forefront of supporting the UAE's ambitious national agenda.

As we look ahead, FAB remains committed to building on this momentum, driving further representation of UAE nationals across all levels of the organisation, and empowering them to play a pivotal role in shaping the future of banking, both locally and globally. Our achievements in 2024 are a testament to our belief in the power of Emirati talent and our dedication to unlocking their full potential.

Investor Relations

At FAB, we are committed to maintaining transparent, proactive, and high-quality engagement with the investment community. Through consistent communication, the Investor Relations department ensures that stakeholders have access to timely and relevant information about the company's performance, strategic direction, and outlook, to support informed decision-making.

Further information is available on the investor relations section of FAB's corporate website and the FAB Investor Relations app (FAB IR).

FAB share information

Listing date	2000[1]	Closing price as of 31 December 2024	AED 13.74
Exchange	Abu Dhabi Securities Exchange (ADX)	Market cap as of 31 December 2024	AED 152 bn (USD 41 bn)
Symbol	FAB	Foreign ownership limit	40%
ISIN	AEN000101016	Free float	42%
Number of shares issued	11,047,612,688		

[1] This is referring to the listing date of NBAD shares on ADX

Statement of the Group's share price in the market (closing price, highest price, and lowest price) at the end of each month during the fiscal year

Month	Close (AED)	High* (AED)	Low* (AED)
January 2024	14.64	15.74	13.76
February 2024	13.64	14.66	13.48
March 2024	13.22	13.86	12.66
April 2024	12.48	13.50	12.42
May 2024	11.60	12.62	11.52
June 2024	12.46	12.50	11.46
July 2024	13.04	13.78	11.96
August 2024	13.40	13.56	12.14
September 2024	13.74	14.06	13.22
October 2024	13.14	13.80	12.78
November 2024	12.80	13.52	12.80
December 2024	13.74	14.00	12.86

Statement of the Group's comparative performance with the general market index and sector index to which the Group belonged during 2024

Month	Closing price (Dec 2024) (AED)	Closing price (Dec 2023) (AED)	% change in price in 2024	FAB's relative performance
FAB	13.74	13.96	-1.58%	
ADX	9,419.00	9,577.85	-1.66%	+0.08%
ADX Financials Index	16,776.95	16,415.30	2.20%	-3.78%
MSCI EM Banks	372.80	354.36	5.19%	-6.77%

Statement of the shareholders' ownership distribution as at 31 December 2024 (individuals, companies, governments) classified by geography

International initiatives	Individuals	Companies	Government	Total
Local	16.07%	60.18%	1.69%	77.94%
Arabs (incl. GCC)	0.93%	0.71%	0.01%	1.65%
Foreign	0.22%	20.19%	0.00%	20.41%
Total	17.22%	81.08%	1.69%	100.00%

The definition of Arab and Foreign investors as well as Investors classified as Companies and Government is as per ADX definition/classification

* Intramonth high/low for the corresponding month

Statement of how shareholders are distributed by size of equity as at 31 December 2024

Share(s) ownership	Number of shareholders	Number of shares	Ownership percentage
Less than 50,000	4,474	31,221,917	0.28%
From 50,000 to less than 500,000	1,138	197,696,557	1.79%
From 500,000 to less than 5,000,000	496	798,725,151	7.23%
More than 5,000,000	159	10,019,969,063	90.70%
Total	6,267	11,047,612,688	100%

2024 financial calendar

Date	Event	
1 May 2024	Q1'24	Financial Results Announcement
25 July 2024	Q2/H1'24	Financial Results Announcement
18 October 2024	Q3/9M'24	Financial Results Announcement
6 February 2025	Q4/FY'24	Financial Results Announcement

Ownership Structure as of December-End 2024 [1]

As of 31 December 2024, FAB's share capital stood at AED 11,047,612,688 divided into 11,047,612,688 shares of AED 1 each.

Major shareholders [2]

Mubadala Investment Company (MIC) [3]

Number of shares

4,182,670,935

Shares (%)

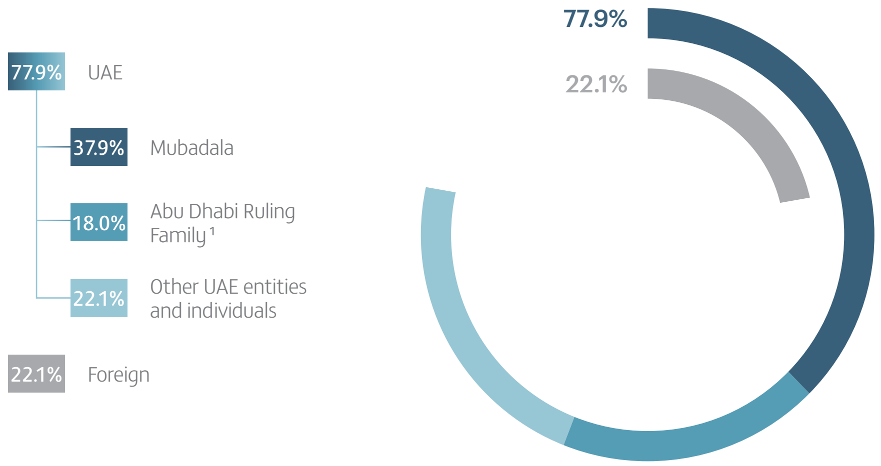
37.9%

[1] Based on total shares issued

[2] Major shareholders defined as shareholders owning 5% or more of the issued capital (as per ADX)

[3] MIC holding through its wholly owned subsidiary One Hundred and Fifteenth Investment Company - Sole Proprietorship L.L.C., effective September 2021; MIC is one of the wholly owned strategic investment companies of the Emirate of Abu Dhabi

FAB shareholding by nationality



Investor relations contacts

Name of the Investor Relations Officer

Sofia El Boury

The link to the investor relations page on the Group's website.

www.bankfab.com/en-ae/about-fab/investor-relations

How to communicate with Investor Relations

Email: ir@bankfab.com

Phone: +971-2-3054563

[1] Members of/companies owned by the Abu Dhabi Ruling Family. Each investor (natural or legal person) within this group, owns less than 5% of the Company's shares, and is free to buy or sell FAB shares

Annual General Meeting (AGM)

FAB holds an AGM each year following the end of the Bank's financial year and the publication of its full year financial results.

In 2024, the AGM was held on 5 March and was attended by the Bank's shareholders in person or virtually. Shareholders who were not able to attend in person voted by proxy. The meeting was also attended by the Bank's external auditor and a representative from the Securities and Commodities Authority (SCA).

In 2024, the Bank's shareholders approved the following ordinary resolutions:

- The report of the Board of Directors on the activity of the Bank and its financial statements for the financial year ending 31/12/2023.
- The report of the external auditors for the financial year ending 31/12/2023.
- Internal Shari'ah Supervision Committee annual report.
- Payable zakat in relation to the Bank's Islamic activities for the financial year ending 31/12/2023.
- The Bank's balance sheet and profit and loss statement for the financial year ending 31/12/2023.
- The dividend distribution.
- Remuneration for the Board of Directors.
- Appointment of the external auditor, PWC.
- Appointment of internal Shari'ah Supervision Committee (ISSC) members.

In addition, the following special resolutions were passed:

Issuance of three classes of bonds or Islamic sukuk:

- Issue any type of bonds or Islamic sukuk or other securities (in each case, non-convertible into shares), whether under a programme or on a stand-alone basis, or establish any new programmes or update existing programmes, or enter into any liability management exercise, in the case of any new issuances for an amount not exceeding USD 10 billion (or its equivalent in any other currency) and whether listed and/or admitted to trading on a stock exchange or any other trading platform and/or unlisted, and authorise the Board of directors to determine the terms of issuing such bonds, Islamic sukuk or other securities, and set their date of issue, subject to obtaining the approval of the relevant competent authorities as applicable, and in accordance with the provisions of the Bank's Articles of Association.
- Issue additional tier 1 bonds or Islamic sukuk for regulatory capital purposes, in the case of any new issuances for an amount not exceeding USD 3 billion (or its equivalent in any other currency), and authorise the Board of directors to determine the terms of issuing such bonds or Islamic sukuk, subject to such bonds or Islamic sukuk containing the terms and conditions required by the Central Bank of the United Arab Emirates, including the following features: subordination, the discretion of the Bank to cancel or not make interest payments to investors as well as certain events resulting in a mandatory non-payment of interest to investors in certain circumstances, and write-down provisions that are triggered in the event of non-viability, as the same may be listed and/or admitted to trading on a stock exchange or any other trading platform and/or unlisted.
- Issue tier 2 bonds or Islamic sukuk for regulatory capital purposes, in the case of any new issuances for an amount not exceeding USD 3 billion (or its equivalent in any other currency), whether under a programme or on a stand-alone basis, and authorise the Board of directors to determine the terms of issuing such bonds or Islamic sukuk, subject to such bonds or Islamic sukuk containing the terms and conditions required by the Central Bank of the United Arab Emirates, including the following features: subordination, certain events resulting in a mandatory non-payment of amounts to investors in certain circumstances, and write-down provisions that are triggered in the event of non-viability, as the same may be listed and/or admitted to trading on a stock exchange or any other trading platform and/or unlisted.

Shari'ah Governance

FAB's Islamic banking activities are supervised from a Shari'ah perspective by an Internal Shari'ah Supervision Committee (ISSC). The appointment of the ISSC members is endorsed by FAB's Board of directors and approved by the Higher Shari'ah Authority (HSA) of the Central Bank of the UAE (CBUAE) and shareholders at the annual general meeting of the Bank.

FAB's ISSC consists of qualified Shari'ah scholars who are responsible for ensuring that Islamic banking products, services and operations comply with Shari'ah principles. The ISSC supervises the Islamic banking business of FAB, including its international branches and subsidiaries, such as FAB Kingdom of Saudi Arabia and FABMISR in Egypt.

The Bank's Islamic banking business is governed from a Shari'ah compliance perspective in accordance with the FAB Group Shari'ah Governance Framework, which is based on CBUAE Shari'ah governance standards for Islamic financial institutions. The FAB Group Shari'ah Governance Framework defines the reporting framework, accountability and responsibilities of all relevant stakeholders involved and outlines a clear segregation between the three lines of defence of Shari'ah compliance in all activities relating to the Islamic banking business. The FAB Group Shari'ah Governance Framework also ensures that the ISSC, the internal Shari'ah control department and the internal Shari'ah audit department are independent and not subject to any influence that may affect their independence.

The CBUAE has also issued a standard regarding regulatory requirements for financial institutions housing an Islamic Window (Islamic Window Standards), and under this regulation, all Shari'ah-compliant activities and business of the Bank must be offered through the FAB Islamic Window.

Pursuant to the Islamic Window Standards, the Bank has established an Islamic Window Framework for the FAB Group, setting out prudent regulatory guidelines and requirements. The Head of Islamic Window has been appointed by the Bank to lead the Islamic banking activities of the Group in accordance with the Islamic Banking Window Standards.

The term for ISSC's appointment for the period 2021-2024 ended on 1st May 2024. The FAB general assembly re-appointed Dr. Salim Al-Ali, Dr. Mohamad Akram Laldin and Dr. Ahmed Rufai for another term starting 2nd May 2024 until 1st May 2027. The Board Remuneration and Nomination Committee has also approved the appointment of Dr. Khalid Mohammed AlSaiari as the fourth member of the ISSC, effective on 15th December 2024.

Dr. Salim Al-Ali was appointed as Chairman and Executive Member of the ISSC and replaced Dr. Mohd Daud Bakar, who served as Chairman of ISSC for 10 years. Dr. Mohamad Akram Laldin has been appointed as Deputy Chairman of the ISSC.

In 2024, the ISSC held thirteen (13) meetings with 100% attendance and issued Shari'ah guidelines, approvals and resolutions covering various business groups and product segments across the Bank and its subsidiaries.

Current Internal Shari'ah Supervision Committee (ISSC) members

Dr. Salim Al-Ali

Chairman and Executive Member

Elected at the AGM on 24 February 2020

Re-elected on 28 February 2021 and on 5 March 2024

Career and education

Dr. Salim Al-Ali is currently an assistant professor in Shari'ah and Islamic studies at the UAE University. He is a specialist in Islamic financial law, as well as legal and regulatory aspects of Islamic financial markets. Dr. Al-Ali has participated in various national and international conferences to discuss Shari'ah, legal and regulatory issues related to Islamic banks, Islamic capital markets and Takaful.

He has extensive experience in Islamic finance consulting, teaching and academic research, across various jurisdictions including Malaysia, the UAE and UK. Dr. Salim Al-Ali has a doctorate in financial law from the University of London and a master's degree in Islamic banking and finance from the International Islamic University of Malaysia.

External appointments:

- Member of Internal Shari'ah Supervision Committee at Abu Dhabi Commercial Bank
- Member of Internal Shari'ah Supervision Committee at Al Hilal Bank
- Member of Internal Shari'ah Supervision Committee at Emirates NBD
- Member of Internal Shari'ah Supervision Committee at Emirates Islamic Bank
- Member of Internal Shari'ah Supervision Committee at HSBC
- Member of Internal Shari'ah Supervision Committee at SCB
- Member of Internal Shari'ah Supervision Committee at Banque Saudi Fransi
- Chairman of Internal Shari'ah Supervision Committee of Ruya Community Islamic Bank

Dr. Mohamad Akram Laldin

Deputy Chairman

Elected at the AGM on 28 February 2021

Re-elected on 5 March 2024

Career and education

Dr. Mohamad Akram Laldin previously served as executive director of the International Shari'ah Research Academy for Islamic Finance (ISRA). Prior to that, he was an assistant professor at the International Islamic University (IIUM), Malaysia and a visiting assistant professor at the University of Sharjah, UAE. He is experienced in Islamic finance consulting, teaching and academic research in Kyrgyzstan, Malaysia, Nigeria, Oman, the UAE and UK.

Dr. Mohamad Akram Laldin holds a bachelor's degree with honours in Islamic jurisprudence and legislation from the University of Jordan, and a doctorate in principles of Islamic jurisprudence (Usul al-Fiqh) from the University of Edinburgh, UK.

External appointments:

- Chairman of Shari'ah Supervisory Council of Labuan Financial Services Authority
- Member of Shari'ah Advisory Council (SAC) of Central Bank of Malaysia
- Member of Shari'ah Advisory of Employees Provident Fund (EPF)
- Member of Shari'ah Advisory Council of the International Islamic Financial Market (IIFM), Bahrain
- Member of AAOIFI Public Interest Monitoring Consultative Committee
- Member of Internal Shari'ah Supervision Committee of Dubai Islamic Bank
- Member of Internal Shari'ah Supervision Committee of RAK Bank
- Member of Shari'ah Supervisory Board of Meethaq, Bank Muscat

Dr. Khalid Mohammed AlSaiari

Member

Appointed by the Board Remuneration and Nomination Committee, effective 15 December 2024, following approval by the HSA

Career and education

Dr. Khalid bin Mohammed AlSaiari is a distinguished academic and professional with a strong background in Shari'ah law and legal consultation. He is an active member of various advisory and Shari'ah committees and has a diverse range of research interests, covering topics such as Islamic finance, risk management in murabaha and sukuk, and the development of financing sukuk markets. Dr. AlSaiari has authored numerous research papers on these subjects, contributing to the academic and practical understanding of Shari'ah-compliant financial practices.

In his academic career, Dr. AlSaiari has been an associate professor at the Saudi Electronic University since 2016, contributing significantly to the College of Science and Theoretical Studies. He has also held adjunct professor positions at the Imam Muhammad bin Saud Islamic University and the Saudi Ministry of Justice's Judicial Training Center, where he taught courses in financial transactions and employment contract law.

Dr. AlSaiari holds a doctorate and master's degree from the Imam Mohammad Ibn Saud Islamic University's Higher Institute of Judiciary, Saudi Arabia, and a bachelor's degree from the College of Shari'ah.

External appointments:

- Member of Shari'ah Supervisory Board of Saudi National Bank
- Member of Shari'ah Supervisory Board of SAB Invest
- Member of Shari'ah Supervisory Board of Saudi Digital Vision Bank
- Member of Shari'ah Supervisory Board of D360 Digital Bank
- Member of Shari'ah Supervisory Board of Matajer Finance Company
- Member of Shari'ah Supervisory Board of Jabal Omar Development Company
- Member of Shari'ah Supervisory Board of Industrial Development Fund
- Member of Internal Shari'ah Supervision Committee of Ruya Community Islamic Bank

Dr. Ahmed Rufai

Member

Elected at the AGM on 28 February 2021

Re-elected on 5 March 2024

Career and education

Dr. Ahmed Rufai is currently the Head of Shari'ah Compliance at the International Islamic Financial Market (IIFM), Bahrain. IIFM is a global standard-setting body for the Islamic financial services industry, focussing on the standardisation of Shari'ah-compliant financial contracts and product templates. He has contributed significantly to the development and publication of 13 comprehensive documents and product confirmation standards, as well as related guidance notes across liquidity management, hedging, sukuk and trade finance.

He also contributes to preparing discussion papers for IIFM consultative meetings, as well as IIFM annual sukuk reports, and plays an active role in seminars, workshops and consultative meetings organised by IIFM across many jurisdictions worldwide.

Dr. Ahmed Rufai has a doctorate in Islamic law of transaction from the University of Malaya, Malaysia, and a bachelor's degree in Shari'ah from the Islamic University of Madinah, Saudi Arabia.

External appointments:

- Member of Shari'ah Supervisory Board of Meethaq, Bank Muscat.

Mr. Mohamed Eid Khamis Thani AlMheiri

Trainee member

Appointed by the Board Management Committee, effective 1 July 2023, following approval by the HSA.

Career and education

Mr. Mohamed Eid Khamis Thani AlMheiri is a UAE national scholar who specialises in Shari'ah and Islamic jurisprudence. He is currently working as an Islamic preacher in the Department of Islamic Affairs and Charitable Activities of Dubai. He participates in various Islamic educational courses and lectures within the UAE and is also a practitioner in Islamic family counselling.

Mr. AlMheiri is also entrusted to deliver religious sermons and lectures on areas of Islamic studies such as Quranic interpretation (Tafsir), Islamic jurisprudence, its origins (Fiqh, Usul Fiqh) and Hadith, across various Islamic centres.

He holds a bachelor's degree in business administration - financial services from the Higher Colleges of Technology, UAE, and a bachelor's degree in Shari'ah from the Islamic University of Madinah, Saudi Arabia.

Mr. Tariq Saeed Bujasaim

Trainee member

Appointed by the Board Management Committee, effective 1 July 2023, following approval by the HSA

Career and education

Mr. Tariq Saeed Bujasaim is a UAE national Islamic scholar who works in the Department of Islamic Affairs and Charitable Activities, where he is responsible for issuing general fatwas to the public regarding Islamic affairs. He is a Certified Shari'ah advisor and auditor by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI).

Prior to his current role, Mr. Bujasaim worked as an assistant director in the IT Department of Dubai Islamic Bank.

Mr. Bujasaim holds a bachelor's degree in Islamic studies from the College of Islamic and Arabic Studies, UAE, and a bachelor's degree in computer science from Stanford University, USA.

Annual Report of the Internal Shari'ah Supervision Committee of First Abu Dhabi Bank PJSC

Pursuant to requirements stipulated in the relevant laws, regulations and standards ("the Regulatory Requirements"), the Internal Shari'ah Supervision Committee of the Institution ("ISSC") presents to you the ISSC's Annual Report regarding Shari'ah compliant businesses and operations of the Institution - locally and internationally - for the financial year ending on 31 December 2024 ("Financial Year")

Pursuant to requirements stipulated in the relevant laws, regulations and standards ("the Regulatory Requirements"), the Internal Shari'ah Supervision Committee of the Institution ("ISSC") presents to you the ISSC's Annual Report regarding Shari'ah compliant businesses and operations of the Institution - locally and internationally - for the financial year ending on 31 December 2024 ("Financial Year").

1. Responsibility of the ISSC

In accordance with the Regulatory Requirements and the ISSC's charter, the ISSC's responsibility is stipulated as to:

a. undertake Shari'ah supervision of all businesses, activities, products, services, contracts, documents and business charters of the Institution; and the Institution's policies, accounting standards, operations and activities in general, memorandum of association, charter, financial statements, allocation of expenditures and costs, and distribution of profits between holders of investment accounts and shareholders ("Institution's Activities") and issue Shari'ah resolutions in this regard, and

b. determine Shari'ah parameters necessary for the Institution's Activities, and the Institution's compliance with Islamic Shari'ah within the framework of the rules, principles, and standards set by the Higher Shari'ah Authority ("HSA") to ascertain compliance of the Institution with Islamic Shari'ah.

The senior management is responsible for compliance of the Institution with Islamic Shari'ah in accordance with the HSA's resolution, fatwas, and opinions, and the ISSC's resolutions within the framework of the rules, principles, and standards set by the HSA ("Compliance with Islamic Shari'ah") in all Institution's Activities, and the Board bears the ultimate responsibility in this regard.

2. Shari'ah standards

In accordance with the HSA's resolution (No. 18/3/2018), and with effect from 01/09/2018, the ISSC has abided by the Shari'ah standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as minimum Shari'ah requirements, in all fatwas, approvals, endorsements and recommendations, relating to the Institution's Activities without exception.

3. Duties fulfilled by the ISSC during the financial year

The ISSC conducted Shari'ah supervision of the Institution's Activities by reviewing those activities and monitoring them through the internal Shari'ah control and the internal Shari'ah audit, in accordance with the ISSC's authorities and responsibilities, and pursuant to the Regulatory Requirements in this regard. The ISSC's activities included the following:

a. Convening 13 meetings during the year.

b. Issuing fatwas, resolutions and opinions on matters presented to the ISSC in relation to the Institution's Activities.

c. Monitoring compliance of policies, procedures, accounting standards, product structures, contracts, documentation, business charters, and other documentation submitted by the Institution to the ISSC for approval.

d. Ascertaining the level of compliance of allocation of expenditures and costs, and distribution of profits between investment accounts holders and shareholders with parameters set by the ISSC.

e. Supervision through the internal Shari'ah control and the internal Shari'ah 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.

f. Providing guidance to relevant parties in the Institution – to rectify (where possible) incidents cited in the reports prepared by internal Shari'ah control and the internal Shari'ah 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.

g. Approving corrective and preventive measures related to identified incidents to preclude their reoccurrence in the future.

h. Specifying the amount of Zakat due on each share of the Institution.

i. Communicating with the Board and its subcommittees, and the senior management of the Institution (as needed) concerning the Institution's compliance with Islamic Shari'ah.

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 Shari'ah.

4. Independence of the 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 Shari'ah requirements.

5. The ISSC's opinion on the Shari'ah compliance status of the institution

Premised on information and explanations that were provided to us with the aim of ascertaining compliance with Islamic Shari'ah, the ISSC has concluded with a reasonable level of confidence, that the Institution's Activities are in compliance with Islamic Shari'ah, except for the incidents of non-compliance observed, as highlighted in the relevant reports. The ISSC also provided directions to take appropriate measure in this regard.

The ISSC formed its opinion, as outlined above, exclusively on the basis of information perused by the ISSC during the financial year.

Financial Statements

FAB continued with its growth trajectory delivering a strong performance in 2024 that marked four consecutive years of increased profitability.

Independent auditor's report to the shareholders of First Abu Dhabi Bank P.J.S.C.

Report on the audit of the consolidated financial statements

Our opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of First Abu Dhabi Bank P.J.S.C. (the "Bank") and its subsidiaries (together the "Group") as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited
The Group's consolidated financial statements comprise:

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

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the applicable requirements of Abu Dhabi Accountability Authority ("ADAA") Chairman's Resolution No 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independent auditor's report to the shareholders of First Abu Dhabi Bank P.J.S.C. (continued)

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

Our audit approach

Overview

Key Audit Matters	Measurement of Expected Credit Losses on Loans, advances and Islamic financing

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Independent auditor's report to the shareholders of First Abu Dhabi Bank P.J.S.C. (continued)

Our audit approach (continued)

Key audit matters

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

Key Audit Matters	How our audit addressed the key audit matter
Measurement of Expected Credit Losses ("ECL") on Loans, advances and Islamic financing	
The ECL charge for the year ended 31 December 2024 amounted to AED 3,885 million (net of recoveries) and the allowance for ECL as at that date amounted to AED 13,789 million. The Directors recognise a provision for expected credit losses (ECL) in the consolidated financial statements in relation to loans, advances and Islamic Financing. The Directors exercise significant judgments and make a number of assumptions in developing its ECL models which is determined as a function of the assessment of the Probability of Default ("PD") separately for retail and non-retail portfolios, determination of Loss Given Default ("LGD"), adjusted for the forward-looking information and Exposure At Default ("EAD") associated with the underlying funded and unfunded exposures subject to ECL.	We performed the following audit procedures on the computation and reasonableness of the ECL included in the Group's consolidated financial statements for the year ended 31 December 2024: • We obtained an understanding of the design and tested the operating effectiveness of the relevant controls established by the Group, including IT general controls and application controls, for the estimation of ECL, calculation of days past due, application of the staging criteria and the process of overriding ECL modelled output. • For a sample of exposures of loans, we checked the appropriateness of the Group's application of the staging criteria, including the basis for movement between stages.

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Independent auditor's report to the shareholders of First Abu Dhabi Bank P.J.S.C. (continued)

Key Audit Matters	How our audit addressed the key audit matter

In case of defaulted exposures, the Directors exercise judgment to evaluate and estimate the expected future cash flows for each exposure. This assessment guides decisions on whether to reschedule or restructure the exposure. This evaluation also takes into consideration the value of collateral securing these exposures.
 	
ECL overrides including staging overrides and overlays / underlays may also be recorded by the Directors using credit risk judgments where the assumptions and modelling techniques do not capture all the relevant risk factors.
 	
The Group's impairment policy under IFRS 9 is presented in Note 6a (vii) to the consolidated financial statements.
 	
We considered this as a key audit matter considering the exercise of significant judgement, estimates including use of forward-looking macroeconomic data and complex models, and as it has a material impact on the consolidated financial statements of the Group.
	• We involved our internal experts to assess the following areas:
	  • Evaluation of the appropriateness of the accounting policies adopted by the Group based on the requirements of IFRS 9;
	  • Reasonableness and appropriateness of the methodology and assumptions used in calculation of various components of ECL modelling including the computation of Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD) for the models selected for testing.
	  • Reasonableness of the key assumptions and judgements made by Directors in assessing the definition of default, the application of Significant Increase in Credit Risk (SICR) and staging criteria, determining the historic and forward-looking information of macroeconomic data in estimating the ECL components and use of probability weighted scenarios.
	  • For a sample of customers, testing the mathematical accuracy and appropriateness of discounting used in the ECL calculation.
	
	• We tested the completeness and the accuracy of the data used in the calculation of ECL for loans.
	• We assessed the modification of loans accounting treatment for a sample of parties that have undergone rescheduling or restructuring.
	• We performed an independent credit assessment for a sample of non-retail exposures, including Stage 3, by assessing quantitative and qualitative factors, including an assessment of the financial performance of the borrower, the source of repayments and its history and credit risk mitigation, including collateral, on a discounted cash flow basis.
	• We assessed the reasonableness of assumptions underlying the ECL provision for major product categories in the retail portfolio.
	• For a sample of loan exposures, we evaluated the reasonableness of Directors overrides including ECL overlays / underlays and staging overrides during the process of ECL computation.
	• We assessed the adequacy of the disclosures made in the Group's consolidated financial statements around ECL as required by IFRS Accounting Standards.

Independent auditor's report to the shareholders of First Abu Dhabi Bank P.J.S.C. (continued)

Other information

The Directors are responsible for the other information. The other information comprises the Management Discussion and Analysis Report but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Sustainability Report, Corporate Governance Report and the Board of Directors' Report which 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 and will not express any form of assurance conclusion thereon.

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

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

When we read the Sustainability Report, Corporate Governance Report and the Board of Directors Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the applicable provisions of the UAE Federal-Decree Law No. (32) of 2021, Article (114) of the Decretal Federal Law No. (14) of 2018, as amended, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Independent auditor's report to the shareholders of First Abu Dhabi Bank P.J.S.C. (continued)

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the applicable requirements of ADAA Chairman's Resolution No 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities 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 and the applicable requirements of ADAA Chairman's Resolution No 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' 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.

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Independent auditor's report to the shareholders of First Abu Dhabi Bank P.J.S.C. (continued)

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

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

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

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, actions taken to eliminate threats or safeguards applied.

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

Report on other legal and regulatory requirements

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

i) we have obtained all the information we considered necessary for the purposes of our audit;
ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal-Decree Law No. (32) of 2021;
iii) the Group has maintained proper books of account;
iv) the financial information included in the Management Discussions & Analysis Report is consistent with the books of account of the Group;

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Independent auditor's report to the shareholders of First Abu Dhabi Bank P.J.S.C. (continued)

Report on other legal and regulatory requirements (continued)

v) the Group has purchased or invested in shares during the year and the investments as at 31 December 2024 are disclosed in note 9 and note 13 to the consolidated financial statements;
vi) note 46 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted; and
vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2024 any of the applicable provisions of the UAE Federal-Decree Law No. (32) of 2021, or in respect of the Group, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2024.

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

Further, as required by the ADAA Chairman's Resolution no 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities, we report, in connection with our audit of the consolidated financial statements for the year ended 31 December 2024, that nothing has come to our attention that causes us to believe that the Group has not complied, in all material respects, with any of the provisions of the following laws, regulations and circulars as applicable, which would materially affect its activities or the consolidated financial statements as at 31 December 2024:

(i) its Articles of Association which would materially affect its activities or its financial position as at 31 December 2024; and

(ii) applicable provisions of the relevant laws, resolutions and circulars that have an impact on the Subject Entity's consolidated financial statements.

PricewaterhouseCoopers Limited Partnership – Abu Dhabi
5 February 2025

Stuart Alexander Scoular
Registered Auditor Number: 5563
Place: Abu Dhabi, United Arab Emirates

Consolidated statement of financial position

As at 31 December 2024

	Note	31 Dec 2024 AED million	31 Dec 2023 AED million
Assets			
Cash and balances with central banks	8	214,404	233,390
Investments at fair value through profit or loss	9	56,028	45,209
Due from banks and financial institutions	10	23,724	25,266
Reverse repurchase agreements	11	69,661	78,504
Derivative financial instruments	43	45,893	46,421
Loans, advances and Islamic financing	12	528,897	483,954
Non trading investment securities	13	187,446	179,643
Other assets	14	49,440	41,332
Investment in associates	15	4,963	1,501
Investment properties	16	8,169	8,162
Property and equipment		4,683	5,115
Intangibles	17	19,939	20,136
Total assets		**1,213,247**	**1,168,633**
Liabilities			
Due to banks and financial institutions	18	71,896	71,528
Repurchase agreements	19	32,329	26,096
Commercial paper	20	17,888	19,659
Derivative financial instruments	43	53,758	51,002
Customer accounts and other deposits	21	782,379	759,863
Other liabilities	22	52,473	46,932
Term borrowings	23	64,788	63,939
Subordinated notes	24	6,861	4,191
Total liabilities		**1,082,372**	**1,043,210**
Equity			
Share capital	25	11,048	11,048
Share premium		53,583	53,558
Treasury shares		-	(7)
Statutory and special reserves		13,084	13,084
Other reserves	25	(3,997)	208
Tier 1 capital notes	26	10,755	10,755
Share based payment		250	250
Retained earnings		46,029	36,417
Total equity attributable to shareholders of the Bank		**130,752**	**125,313**
Non-controlling interest		123	110
Total equity		**130,875**	**125,423**
Total liabilities and equity		**1,213,247**	**1,168,633**

To the best of our knowledge, the consolidated financial statements present fairly in all material respects the financial condition, financial performance and cash flows of the Group as of, and for, the periods presented therein.

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 5 February 2025 and signed on its behalf:

Chairman Group Chief Executive Officer Group Chief Financial Officer

The accompanying notes forms an integral part of these consolidated financial statements.
The independent auditor's report on audit of the consolidated financial statements is set out on page 3 to 10.

Consolidated statement of profit or loss

For the year ended 31 December 2024

	Note	31 Dec 2024 AED million	31 Dec 2023 AED million
Interest income	28,51	59,574	55,848
Interest expense	29,51	(42,100)	(39,313)
Net interest income		**17,474**	**16,535**
Income from Islamic financing and investing products	30	3,474	2,910
Distribution on Islamic deposits	31	(1,336)	(1,306)
Net income from Islamic financing and investing products		**2,138**	**1,604**
Total net interest income and income from Islamic financing		**19,612**	**18,139**
Fee and commission income	32	5,520	4,283
Fee and commission expense	32	(1,762)	(1,275)
Net fee and commission income		**3,758**	**3,008**
Net foreign exchange gain	33	1,832	2,597
Net gain on investments and derivatives	34	5,399	3,704
Other operating income	35	1,024	23
Operating income		**31,625**	**27,471**
Gain on disposal of stake in subsidiary and fair value gain on retained interest	36	-	284
Total income including gain on disposal of stake in subsidiary and fair value gain on retained interest		**31,625**	**27,755**
General, administration and other operating expenses	37	(7,787)	(7,125)
Profit before net impairment charge and taxation		**23,838**	**20,630**
Net impairment charge	38	(3,924)	(3,078)
Profit before taxation		**19,914**	**17,552**
Income tax expense	39	(2,818)	(1,042)
Net profit for the year		**17,096**	**16,510**
Net profit attributable to:			
Shareholders of the Bank		17,055	16,405
Non-controlling interest		41	105
Basic and diluted earnings per share (AED)	45	**1.48**	**1.43**

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

The independent auditor's report on audit of the consolidated financial statements is set out on page 3 to 10.

Refer note 51 for changes to comparative figures.

Consolidated statement of other comprehensive income

For the year ended 31 December 2024

	31 Dec 2024 AED million	31 Dec 2023 AED million
Net profit for the year	**17,096**	**16,510**
Other comprehensive (loss)/Income		
Items that will be reclassified subsequently to profit or loss		
Exchange difference on translation of foreign operations	(1,929)	(749)
Net change in fair value reserve during the year (including ECL)	324	1,393
Income tax	63	-
Items that will not be reclassified to profit or loss		
Equity investments at fair value through other comprehensive income - net change in fair value	(1,702)	(327)
Remeasurement of defined benefit obligations	(13)	(10)
Proposed Board of Directors' remuneration	(45)	(45)
Other adjustments	-	3
Income tax	176	-
Other comprehensive (loss)/income for the year	**(3,126)**	**265**
Total comprehensive income for the year	**13,970**	**16,775**
Comprehensive income attributable to:		
Shareholders of the Bank	13,939	16,669
Non-controlling interest	31	106
Total comprehensive income for the year	**13,970**	**16,775**

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

The independent auditor's report on audit of the consolidated financial statements is set out on page 3 to 10.

Consolidated statement of changes in equity

For the year ended 31 December 2024

	Share capital AED million	Share premium AED million	Treasury shares AED million	Statutory and special reserves AED million	Other reserves AED million	Tier 1 capital notes AED million	Share based payment AED million	Retained earnings AED million	Equity attributable to shareholders of the Bank AED million	Non-controlling interest AED million	Total AED million
Balance at 1 January 2024	11,048	53,558	(7)	13,084	208	10,755	250	36,417	125,313	110	125,423
Net profit for the year	-	-	-	-	-	-	-	17,055	17,055	41	17,096
Other comprehensive loss for the year	-	-	-	-	(3,058)	-	-	(58)	(3,116)	(10)	(3,126)
Treasury shares movements during the year (note 25)	-	25	7	-	50	-	-	-	82	-	82
Interest on Tier 1 capital notes (note 26)	-	-	-	-	-	-	-	(743)	(743)	-	(743)
IFRS 9 reserve movement (note 25)	-	-	-	-	(1,222)	-	-	1,222	-	-	-
Realised loss on sale of FVOCI Investment	-	-	-	-	25	-	-	(25)	-	-	-
Transactions with owners of the Bank											
Dividend for the year (net of treasury shares)	-	-	-	-	-	-	-	(7,839)	(7,839)	(18)	(7,857)
Balance at 31 December 2024	**11,048**	**53,583**	**-**	**13,084**	**(3,997)**	**10,755**	**250**	**46,029**	**130,752**	**123**	**130,875**
Balance at 1 January 2023	**11,048**	**53,558**	**(7)**	**13,084**	**(836)**	**10,755**	**250**	**27,186**	**115,038**	**12**	**115,050**
Net profit for the year	-	-	-	-	-	-	-	16,405	16,405	105	16,510
Other comprehensive income / (loss) for the year	-	-	-	-	316	-	-	(52)	264	1	265
Interest on Tier 1 capital notes (note 26)	-	-	-	-	-	-	-	(653)	(653)	-	(653)
IFRS 9 reserve movement (note 25)	-	-	-	-	708	-	-	(708)	-	-	-
Realised loss on sale of FVOCI Investment	-	-	-	-	20	-	-	(20)	-	-	-
Transactions with owners of the Bank											
Dividend for the year (net of treasury shares)	-	-	-	-	-	-	-	(5,741)	(5,741)	(8)	(5,749)
Balance at 31 December 2023	**11,048**	**53,558**	**(7)**	**13,084**	**208**	**10,755**	**250**	**36,417**	**125,313**	**110**	**125,423**

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

The independent auditor's report on audit of the consolidated financial statements is set out on page 3 to 10.

Consolidated statement of cash flows

For the year ended 31 December 2024

	Note	31 Dec 2024 AED million	31 Dec 2023 AED million
Cash flows from operating activities			
Profit before taxation		19,914	17,552
Adjustments for:			
Depreciation and amortisation of intangibles	37	1,087	981
Gain on sale of property and equipment		(22)	(1)
Gain on sale of investment properties		-	(148)
Gain on sale of fixed assets		-	(1)
Gain on disposal of stake in subsidiary and fair value gain on retained interest	36	-	(284)
Net impairment charge	38	4,650	3,585
Net other operating income		303	-
Accreted interest		452	532
		26,384	**22,216**
Changes in:			
Investments at fair value through profit or loss		(10,758)	(13,511)
Due from central banks, banks and financial institutions		(814)	1,027
Reverse repurchase agreements		8,835	(9,463)
Loans, advances and Islamic financing		(49,976)	(27,808)
Other assets		(8,076)	(10,023)
Due to banks and financial institutions		368	9,967
Repurchase agreements		6,233	(12,908)
Customer accounts and other deposits		22,516	59,289
Derivative financial instruments		1,800	2,492
Other liabilities		3,958	9,957
		470	**31,235**
Income tax paid, net of recoveries	22	(1,446)	(1,058)
Board of Directors' remuneration paid		(45)	(45)
Net cash (used in) / from operating activities		**(1,021)**	**30,132**
Cash flows from investing activities			
Net movement in non trading investment securities and investment in associates		(12,060)	(6,702)
Net movement in investment properties		(7)	(1,041)
Proceeds from sale of subsidiary		-	335
Purchase of property and equipment, net of disposals		97	(1,071)
Net cash used in investing activities		**(11,970)**	**(8,479)**
Cash flows from financing activities			
Net movement of commercial paper		(1,771)	(12,080)
Dividend paid		(7,840)	(5,728)
Issue of term borrowings	23	14,648	8,140
Repayment of term borrowings	23	(12,461)	(8,397)
Issuance of subordinated note		2,755	3,673
Interest on Tier 1 capital notes	26	(743)	(653)
Net cash used in financing activities		**(5,412)**	**(15,045)**
Net (decrease) / increase in cash and cash equivalents		**(18,403)**	**6,608**
Foreign currency translation adjustment		(2,967)	(206)
Cash and cash equivalents at 1 January		257,198	250,796
Cash and cash equivalents	40	**235,828**	**257,198**

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

The independent auditor's report on audit of the consolidated financial statements is set out on page 3 to 10.

Notes to the consolidated financial statements

For the year ended 31 December 2024

1. Legal status and principal activities

First Abu Dhabi Bank PJSC (the "Bank") is a public joint stock company with a limited liability incorporated in the emirate of Abu Dhabi, United Arab Emirates (UAE) under the Commercial Companies Law (Federal Law Number 8 of 1984 as amended). The registered address of the Bank is P. O. Box 6316, FAB Building, Khalifa Business Park, Al Qurum, Abu Dhabi, United Arab Emirates.

These consolidated financial statements as at and for the year ended 31 December 2024, comprise the Bank and its subsidiaries (together referred to as the "Group"). The Group is primarily engaged in corporate, consumer, private and investment banking activities, payment services, management services, Islamic banking activities, and real estate activities; and carries out its operations through its local and overseas branches, subsidiaries and representative offices located in the United Arab Emirates, Bahrain, Brazil, Cayman Islands, China, Egypt, France, Hong Kong, India, Indonesia, Iraq, Jordan[1], Kingdom of Saudi Arabia, Kuwait, Lebanon[1], Libya, Malaysia, Oman, Qatar[2], Singapore, South Korea, Switzerland, the United Kingdom and the United States of America.

The Group's Islamic banking activities are conducted in accordance with Islamic Sharia'a rules and principles as interpreted by the Internal Shari'ah Supervision Committee ("ISSC") in accordance with the resolutions issued by the Higher Shari'ah Authority ("HSA").

The Bank is listed on the Abu Dhabi Securities Exchange (Ticker: FAB). The consolidated financial statements of the Group as at and for the year ended 31 December 2024 are available upon request from the Group's registered office or at website (http://www.bankfab.com).

[1] Under closure.
[2] The Bank has notified the Qatar Financial Centre Regulatory Authority ("QFCRA") that it will relinquish its Qatar Financial Centre ("QFC") branch license and permanently close its QFC branch.

2. Statement of compliance

These consolidated financial statements have been prepared on a going concern basis as management is satisfied that the Group has adequate resources to continue as a going concern for the foreseeable future, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and the requirements of applicable laws in the UAE. IFRS Accounting Standards comprise accounting standards issued by the IASB as well as Interpretations issued by the International Financial Reporting Standard Interpretations Committee ("IFRS IC").

The Bank is in compliance with applicable provisions of the UAE Federal Decree Law No. 32 of 2021 and the applicable provisions of Law No. (1) of 2017 (as amended) concerning the financial system of the Government of Abu Dhabi and instructions issued by the Department of Finance as at the date of these consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 5 February 2025.

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

3. Basis of preparation

(a) Basis of measurement

These consolidated financial statements are prepared under the historical cost basis except for the following items, which are measured on the following basis:

Items	Measurement basis
Investments at fair value through profit or loss ("FVTPL")	Fair value
Derivative financial instruments	Fair value
Debt and equity instruments designated at fair value through other comprehensive income ("FVOCI")	Fair value
Investment properties	Fair value
Recognised assets and liabilities designated as hedged items in qualifying hedge relationships	Adjusted for changes in fair value attributable to the risk being hedged
Non-financial assets acquired in settlement of loans, advances and Islamic financing	Lower of fair value less costs to sell and the carrying amount of the loans, advances and Islamic financing

(b) Functional and presentation currency

These consolidated financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the Group's presentation currency. The presentation of the consolidated financial statements have been rounded to the nearest millions, unless otherwise indicated. Items included in the financial statements of each of the Group's overseas subsidiaries and branches are measured using the currency of the primary economic environment in which they operate.

4. Changes in material accounting policies and disclosures

New and amended standards and interpretations adopted

The following amendments to existing standards and framework have been applied by the Group in preparation of these consolidated financial statements. The adoption of the below amended standards did not result in changes to previously reported net profit or equity of the Group.

Description	Effective from
Amendment to IAS 1 – Non current liabilities with covenants	1 January 2024
Amendment to IAS 1 – Classification of liabilities as current or non current	1 January 2024
Amendment to IFRS 7 – Supplier finance arrangements	1 January 2024
Amendment to IAS 7 – Statement of cash flows	1 January 2024
Amendments to IFRS 16 – Lease liability in a sale and leaseback	1 January 2024

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

4. Changes in material accounting policies and disclosures (continued)

Standards issued but not yet effective

The following new standards and amendments to the existing standards are applicable to annual reporting periods beginning on or after 1 January 2025 and early application is permitted. The Group is currently evaluating the impact of the new standards and amendments to the existing standards and expects to adopt them on the effective date.

- Amendments to IAS 21 – Lack of Exchangeability
- IFRS 18 Presentation and disclosure in financial statements - This new standard contains requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.
- Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments
- IFRS 19 Subsidiaries without Public Accountability: Disclosures – This new standard permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures.

5. Basis of consolidation

(i) Business combinations

The Group accounts for business combinations under the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group.

In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The consideration transferred does not include amounts related to the settlement of pre existing relationships. Such amounts are generally recognised in profit or loss. Acquisition related costs are expensed as incurred and included in general, administration and other operating expenses, except if related to the issue of debt or equity securities.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

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

5. Basis of consolidation (continued)

(i) Business combinations (continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, then the excess consideration is recognised immediately in consolidated statement of profit or loss as a gain from bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units ("CGUs") that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. An impairment loss is recognised if the carrying amount of the CGU exceed its recoverable amount. Where goodwill has been allocated to a CGUs and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

(ii) Subsidiaries

IFRS 10 – "Consolidated financial statements" governs the basis for consolidation where it establishes a single control model that applies to all entities including special purpose entities or structured entities. The definition of control is such that an investor controls an investee when it is exposed to, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including:

(a) the investor has power over an investee;
(b) the investor has exposure to, or rights, to variable returns from its involvement with the investee; and
(c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

Generally, it is presumed that a majority of voting rights results in control. However, in individual circumstances, the Group may still exercise control with a less than 50% shareholding or may not be able to exercise control even with ownership over 50% of an entity's shares. When assessing whether it has power over an investee and therefore controls the variability of its returns, the Group considers all relevant facts and circumstances, including:

(a) The purpose and design of the investee.
(b) The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders.
(c) Potential voting rights held by the Group.
(d) The relevant facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time the decision needs to be made (including voting patterns at previous shareholders' meetings) and whether the Group can direct those activities.

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

5. Basis of consolidation (continued)

(ii) Subsidiaries (continued)

(e) Contractual arrangements such as call rights, put rights and liquidation rights.
(f) Whether the Group is exposed, or has rights, to variable returns from its involvement with the investee, and has the power to affect the variability of such returns.

Subsidiaries (including special purpose entities) are entities that are controlled by the Group. The Group controls the investee if it meets the control criteria. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held become substantive and lead to the Group having power over an investee.

The financial statements of subsidiaries (including special purpose entities) are included in these consolidated financial statements from the date that control commences until the date that control ceases. Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the Bank and to the non-controlling interests ("NCI"), even if this results in the NCI having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Bank's accounting policies.

The carrying amount of the Group's investment in each subsidiary and the equity of each subsidiary are eliminated on consolidation. All significant intra group balances, transactions and unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra group transactions are eliminated on consolidation. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Bank loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, NCI and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value at the date of loss of control.

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

5. Basis of consolidation (continued)

(ii) Subsidiaries (continued)

The consolidated financial statements comprises the financial statements of the Bank and those of its following subsidiaries (including special purpose entities):

Legal Name	Country of Incorporation	Principal activities	As at 31 Dec 2024	As at 31 Dec 2023
First Abu Dhabi Bank USA N.V.	Curacao	Banking	100%	100%
First Abu Dhabi Bank Securities - Sole Proprietorship L.L.C	United Arab Emirates	Brokerage	100%	100%
Abu Dhabi National Leasing LLC	United Arab Emirates	Leasing	100%	100%
Abu Dhabi National Properties Pvt. JSC	United Arab Emirates	Property Management	100%	100%
FAB Private Bank (Suisse) SA	Switzerland	Banking	100%	100%
First Abu Dhabi Islamic Finance PJSC	United Arab Emirates	Islamic Finance	100%	100%
Abu Dhabi Securities Brokerage Egypt[1]	Egypt	Brokerage	96%	96%
NBAD Employee Share Options Limited	United Arab Emirates	Shares and Securities	100%	100%
National Bank of Abu Dhabi Representações Ltda	Brazil	Representative office	100%	100%
FAB Global Markets (Cayman) Limited	Cayman Islands	Financial Institution	100%	100%
Nawat Management Services - One Man Company LLC	United Arab Emirates	Services	100%	100%
Mismak Properties - Sole Proprietorship L.L.C ("Mismak")	United Arab Emirates	Real estate investments	100%	100%
Shangri La Dubai Hotel LLC (Subsidiary of Mismak)	United Arab Emirates	Real estate investments	100%	100%
First Merchant International LLC ("FMI")	United Arab Emirates	Real estate investments	100%	100%
FAB Employment Services LLC	United Arab Emirates	Resourcing services	100%	100%
FAB Resourcing Services LLC (Subsidiary of Nawat)	United Arab Emirates	Resourcing services	100%	100%
Horizon Gulf Electromechanical Services L.L.C. ("Horizon")	United Arab Emirates	Real estate related services	100%	100%
Horizon Gulf General Contracting LLC	United Arab Emirates	Real estate related services	100%	100%
PDCS Engineering LLC (Subsidiary of Horizon)	United Arab Emirates	Real estate related services	100%	100%
Horizon Gulf Oil and Gas Services LLC (Subsidiary of Horizon)	United Arab Emirates	Real estate related services	100%	100%
FAB Sukuk Company Limited[3]	Cayman Islands	Special purpose entity	-	-
First Gulf Libyan Bank[2]	Libya	Banking services	50%	50%
First Gulf Information Technology LLC ("FGIT")	United Arab Emirates	IT Services	100%	100%
FAB Global Business Services Limited	India	IT Services	100%	100%
FAB Capital Financial Company (A Saudi Closed Joint Stock Company)	Kingdom of Saudi Arabia	Financial Institution	100%	100%
First Abu Dhabi Bank Misr S.A.E ("FAB Misr")	Egypt	Banking	100%	100%
FAB Invest SPV RSC Limited	United Arab Emirates	Special purpose entity	100%	100%
1968A SPV RSC Limited	United Arab Emirates	Special purpose entity	100%	100%
1968B SPV RSC Limited	United Arab Emirates	Special purpose entity	100%	100%
1968C SPV RSC Limited	United Arab Emirates	Special purpose entity	100%	-
1968D SPV RSC Limited	United Arab Emirates	Special purpose entity	100%	-
Lime Consumer Finance	Egypt	Financial services	100%	-

[1]Under liquidation.

[2]Although the Bank owns 50% of the outstanding shares of First Gulf Libyan Bank, the investment has been classified as a subsidiary as the Bank exercises control over the investee because it casts the majority of the votes on the Board of Directors.

[3]FAB Sukuk Company's entire issued share capital is held by Maple FS Limited on trust for charitable purposes.

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

5. Basis of consolidation (continued)

(iii) Structured entities

A structured entity is established by the Group to perform a specific business objective. Structured entities are designed so that their voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. In assessing whether the Group acts as a principal or has power over investees in which it has an interest, the Group considers factors such as the purpose and design of the investee, its practical ability to direct the relevant activities of the investee; the nature of its relationship with the investee; and the size of its exposure to the variability of returns of the investee.

The Group acts as a fund manager to a number of investment funds. Determining whether the Group controls such an investment fund usually focuses on the assessment of the aggregate economic interests of the Group in the fund including the investors right to appoint, reassign or remove the fund manager. Whilst assessing control, the Group reviews all facts and circumstances to determine whether as a fund manager the Group is acting as agent or principal. If deemed to be a principal, the Group controls the fund and would consolidate them else as an agent the Group would account for them as investments in funds.

The Group's interest in investment funds in which it acts as an agent is set out below, these funds are included as part of non trading investment securities measured at fair value through other comprehensive income.

Type of Structured Entity	Nature and purpose	Interest held by the Group
Investment funds managing assets	Generate fees from managing assets on behalf of third party investors	Investments in units issued by the fund amounting to AED 2 million for 31 December 2024 (31 December 2023: AED 3 million)

(iv) Joint Arrangements and Investments in Associates

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 entity but no control or joint control over those policies. Investment in associates is accounted under the equity method of accounting.

A joint arrangement is an arrangement between the Group and other parties where the Group along with one or more parties has joint control by virtue of a contractual agreement. Joint arrangement may be a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to and record their respective share of the assets, and obligations for the liabilities, relating to the arrangement.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement, have rights to the net assets of the joint arrangement and, thus, are accounted under the equity method of accounting.

Under the equity method, the investment in an associate is recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

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

5. Basis of consolidation (continued)

(iv) Joint Arrangements and Investments in Associates (continued)

On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired. Goodwill is neither amortised nor individually tested for impairment separately.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associates. Any change in other comprehensive income of those investees is presented as part of the consolidated statement of other comprehensive income. 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 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 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, and then recognises the loss in the consolidated statement profit or loss. The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture.

The list of associates are as follows:

Legal Name	Country of Incorporation	Principal activities	31 Dec 2024	31 Dec 2023
BCP Growth Holdings Limited	United Arab Emirates	Payment services	-	40%
Neptune Project Holding 1 Limited (UAE)("NPH1")	United Arab Emirates	Payment services	34%	-
Midmak Properties LLC	United Arab Emirates	Real estate Investments	16%	16%
Emirates Digital Wallet LLC	United Arab Emirates	Payment services	23%	23%

(v) Non-controlling interests

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(vi) Fiduciary assets

The Group provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in a fiduciary capacity are not reported in the consolidated financial statements, as they are not assets of the Bank.

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

6. Material accounting policies

(a) Financial assets and liabilities

(i) Recognition and initial measurement

The Group initially recognises loans, advances and Islamic financing, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments (excluding regular way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

All regular way purchases and sales of financial assets are recognised on the settlement date, i.e. the date the asset is delivered to or received from the counterparty. Regular way purchases or sales of financial assets are those that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable on issue. The fair value of a financial assets and liabilities on initial recognition is generally its transaction price.

(ii) Classification

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. On initial recognition, a financial asset is classified as measured at: amortised cost or Fair Value through Other Comprehensive Income ("FVOCI") or Fair Value through Profit or Loss ("FVTPL").

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

- the financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest ("SPPI").

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

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

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

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

6. Material accounting policies (continued)
(a) Financial assets and liabilities (continued)
(ii) Classification (continued)
All other financial assets are classified as measured at FVTPL.

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 FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. All other financial liabilities, are measured at amortised cost using effective interest rate ("EIR") method or at FVTPL when they are held for trading.

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual 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 is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); 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 much cash flows are realised.

The business model assessment is based on the reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Group's consumer and corporate banking business comprises primarily loans to customers that are held for collecting contractual cash flows. In the consumer business the loans comprise mortgages, overdrafts, unsecured personal lending and credit card facilities. Sales of loans from these portfolios are very rare.

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

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

6. Material accounting policies (continued)
(a) Financial assets and liabilities (continued)
(ii) Classification (continued)

Business model assessment (continued)
Certain debt securities are held by the Group in a separate portfolio for long term yield. These securities may be sold, but such sales are not expected to be more than infrequent. The Group considers that these securities are held within a business model whose objective is to hold assets to collect the contractual cash flows. Certain other debt securities are held by the Group in separate portfolios to meet everyday liquidity needs. The Group seeks to minimise the costs of managing these liquidity needs and therefore actively manages the return on the portfolio. That return consists of collecting contractual cash flows as well as gains and losses from the sale of financial assets. The investment strategy often results in sales activity that is significant in value.

The Group considers that these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest ("SPPI")
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition and may change over the life of the financial assets due to repayments of principal or amortisation of the premium/discount. '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 (like liquidity risk and administrative costs etc.), as well as profit margin.

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

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non recourse asset arrangement); 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.

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.

Financial liabilities are never reclassified.

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

6. Material accounting policies (continued)

(a) Financial assets and liabilities (continued)

(iii) Derecognition

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire (note 6 (a)(iv)), or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in 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.

The Group enters into transactions whereby it transfers assets recognised on its consolidated statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale and repurchase transactions.

When assets are sold to a third party with a concurrent total return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale and repurchase transactions, because the Group retains all or substantially all the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset in which case, the Bank also recognises an associated liability. The Bank considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

In certain transactions, the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

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

6. Material accounting policies (continued)

(a) Financial assets and liabilities (continued)

(iii) Derecognition (continued)

Derecognition of financial liabilities

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

(iv) Modifications of financial assets and financial liabilities

Modification of financial assets

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different.

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

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

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

If the modification doesn't result into cash flows that are substantially different, then a financial asset does not result in derecognition of the financial asset. In this case, the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees receivable 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.

Modification of financial liabilities

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

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

6. Material accounting policies (continued)

(a) Financial assets and liabilities (continued)

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

(v) Offsetting

Financial assets and financial liabilities are generally reported gross in the consolidated statement of financial position except when IFRS Accounting Standards netting criteria are met. Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has an enforceable legal right to set off the recognised amounts and intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

(vi) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market, or in its absence, the most advantageous market to which the Group has access at that date regardless of whether that price is directly observable or estimated using valuation technique. The fair value of a liability reflects its non performance risk. The Group applies judgement as described below to assess if there is quoted price available in an active market, which determines the level in the fair value hierarchy into which the fair value instrument is classified.

When quoted price is available, the Group measures the fair value of an financial 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 the valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would consider in pricing a transaction.

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

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

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

6. Material accounting policies (continued)

(a) Financial assets and liabilities (continued)

(vi) Fair value measurement (continued)

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group based on the net exposure to either market or credit risk, are measured based on a price that would be received to sell a net long position or paid to transfer a net short position for a particular risk exposure. Portfolio level adjustments – e.g. bid ask adjustment or credit risk adjustments that reflect the measurement based on the net exposure – are allocated to the individual assets and liabilities based on the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of investments in mutual funds, private equity funds or similar investment vehicles are based on the latest 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, or based on the expected discounted cash flows.

The fair value of a financial liability with a demand feature (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 Group recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

(vii) Impairment

The Group recognises loss allowances for Expected Credit Loss (ECL) on the following financial instruments that are not measured at FVTPL:

- Balances with central banks;
- Due from banks and financial institutions;
- Reverse repurchase agreements;
- Non trading investment at fair value through other comprehensive income (debt securities);
- Loans, advances and Islamic financing;
- Other financial assets;
- Undrawn commitment to extend credit; and
- Guarantees.

No impairment loss is recognised on equity investments.

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

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition (note 50 (a)).

The Group considers the above debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

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

6. Material accounting policies (continued)
(a) Financial assets and liabilities (continued)

(vii) Impairment (continued)
Credit loss allowances are measured using a following approach based on the extent of credit deterioration since origination:

- Stage 1 – Where there is no significant increase in credit risk ("SICR") since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.
- Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be impaired, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.
- Stage 3 – Financial instruments that are considered to be impaired are included in this stage. Similar to Stage 2, the allowance for credit loss captures the lifetime expected credit loss.
- Purchased or originated credit impaired (POCI) – POCI assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at origination. The ECL allowance is only recognised or released to the extent that there is a subsequent change in the expected credit loss.

Measurement of ECL
The key inputs into the measurement of ECL are:

- Probability of default ("PD");
- Exposure at default ("EAD"); and
- Loss given default ("LGD").

These parameters are generally derived from statistical models and other historical data. They are adjusted to reflect forward looking information. Additionally, the Group has an extensive review process to adjust ECL for factors not available in the model.

Details of these statistical parameters/inputs are as follows:

- PD – The probability of default is an estimate of the likelihood of default over a given time horizon.
- EAD – The exposure at default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD – The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral or credit enhancements that are integral to the loan and not required to be recognised separately. It is usually expressed as a percentage of the EAD.

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

6. Material accounting policies (continued)
(a) Financial assets and liabilities (continued)

(vii) Impairment (continued)
Measurement of ECL (continued)
ECL are a probability weighted estimate of credit loss. They are measured as follows:

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

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

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

Credit impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

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

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

6. Material accounting policies (continued)
(a) Financial assets and liabilities (continued)

(vii) Impairment (continued)

Credit impaired financial assets (continued)

Purchased or Originally Credit Impaired ("POCI") financial assets

For POCI assets, lifetime ECL are incorporated 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.

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

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

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

Write off

Financial assets are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally 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.

Recoveries of amounts previously written off are included in 'net impairment charge' in the consolidated statement of profit or loss. Financial assets that are written off could still be subject to enforcement activities to comply with the Group's procedures for recovery of amounts due.

Central Bank of the UAE ("CBUAE") provision requirements

As per the new Credit Risk Management Standards ("CRMS") issued by CBUAE and notice no. CBUAE/BIS/2024/5131 dated 17 October 2024, if the general/collective provision cumulatively is higher than the impairment allowance computed under IFRS 9, the differential should be transferred to an "Impairment Reserve" as an appropriation from the retained earnings. The impairment reserve will not be available for payment of dividend.

(b) Cash and cash equivalents

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of three months or less from the date of its acquisition.

Cash and cash equivalents are non derivative financial assets measured at amortised cost in the consolidated statement of financial position.

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

6. Material accounting policies (continued)
(c) Due from banks and financial institutions

These are non derivative financial assets that are measured at amortised cost, less any allowance for impairment.

(d) Investments at fair value through profit or loss

These are securities that the Group acquire principally for the purpose of selling in the near term or holding as a part of portfolio that is managed together for short term profit or position taking. These assets are initially recognised at fair value and subsequently also measured at fair value in the consolidated statement of financial position. All changes in fair values are recognised as part of profit or loss.

(e) Reverse repurchase agreements

Assets purchased with a simultaneous commitment to resell at a fixed price on a specified future date are not recognised in the consolidated statement of financial position. The amount paid to the counterparty under these agreements is recorded as reverse repurchase agreements in the consolidated statement of financial position. The difference between purchase and resale price is treated as interest income and accrued over the life of the reverse repurchase agreement and charged to the consolidated statement of profit or loss using the effective interest rate method.

(f) Loans, advances and Islamic financing

Loans, advances and Islamic financing' captions in the consolidated statement of financial position include:

- loans and advances measured at amortised cost; they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- lease receivables;
- loans and advances measured at FVTPL or designated as at FVTPL; these are measured at fair value with changes recognised in profit or loss; and
- Islamic financing and investing contracts.

Loans, advances and Islamic financing are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term.

When the Group is the lessor in a lease agreement that transfers substantially all the risks and rewards incidental to ownership of the asset to the lessee, the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease is recognised and presented within loans and advances.

In determining whether an arrangement is a lease, the Group ascertains the substance of the arrangement and assesses whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the assets.

These are derecognised when either the borrower repays its obligations or the loan are sold or written off.

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

6. Material accounting policies (continued)
(f) Loans, advances and Islamic financing (continued)

Islamic financing and investing contracts
The Group engages in Sharia'a compliant Islamic banking activities through various Islamic contracts such as Ijara, Forward Ijara, Murabaha, Mudaraba and Wakala.

Ijara / Forward Ijara
Ijara / Forward Ijara is a mode of Islamic financing whereby the Group (lessor) leases an asset acquired by the Group based on the customer's (lessee) request and promise to lease or forward lease the assets for a specific period against certain rental / advance rental instalments. At the end of the financing tenor and upon settlement of the financial obligation agreed between the lessor and the lessee, the ownership of the asset shall be transferred to the lessee via exercise of a purchase / sale undertaking. Also, the Group transfers substantially all the risks and rewards related to the ownership of the leased asset to the lessee.

Murabaha
A sale contract whereby the Group sells to a customer commodities and other assets at an agreed upon cost price plus marked up profit (Deferred Sale Price). The Group purchases the assets based on a promise received from customer to buy the item purchased according to specific terms and conditions. The Deferred Sale Price of the Murabaha is quantifiable and fixed at the commencement of the transaction.

Mudaraba
A contract between the Group and a customer, whereby one party provides the funds (Rab Al Mal) and the other party (the Mudarib) invests the funds in a Shari'ah compliant project or a particular activity and any profits generated are distributed between the parties according to the profit shares that were pre-agreed in the contract. The Mudarib would bear the loss in case of negligence or violation of any of the terms and conditions of the Mudaraba, otherwise, losses are borne by the Rab Al Mal.

Wakala
An agreement between the Group and customer whereby one party (Muwakkil) provides a certain sum of money to an agent (Wakil), who invests it according to specific conditions and expected return in consideration of performance incentive and/or a certain fee based on the Wakala agreement. The expected return payable to the Muwakkil is subject to actual return generated under the Wakalah investment. In case the actual return is less than the expected return, the agent shall be liable to any is obliged to guarantee any losses or shortfall arises due to its negligence or violation of any of the terms and conditions of the Wakala otherwise, losses are borne by the Muwakkil. In case the actual return is more than the expected return, the Muwakkil shall be entitled to the expected return amount and any excess amount shall be entitled by the Wakil as incentive. The Group may be Wakil or Muwakkil depending on the nature of the transaction.

(g) Non trading investment securities
The 'non trading 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 under the effective interest method;
- debt securities measured at FVOCI; and
- equity investment securities designated as at FVOCI.

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

6. Material accounting policies (continued)
(g) Non trading investment securities (continued)
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 changes in the fair value of certain investments in equity instruments that are not held for trading in OCI. The election is made on an instrument by instrument basis on initial recognition and is irrevocable. Fair value 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 recognised in OCI are transferred to retained earnings on disposal of an investment. These investments are held for long term strategic purposes.

(h) Investment properties
Investment properties are defined as land, a building or part of a building (or a combination of these including property under construction) held to earn rentals and/or for capital appreciation or both. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss under 'Other operating income' in the year in which they arise.

Investment properties are derecognised 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 recognised in the consolidated statement of profit or loss statement in the year of retirement or disposal.

(i) Property and equipment

(i) Recognition and measurement
Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised net within 'Other operating income' in the consolidated statement of profit or loss.

Notes to the consolidated financial statements

For the year ended 31 December 2024

6. Material accounting policies (continued)

(i) Property and equipment (continued)

(ii) Subsequent costs

Subsequent expenditures are only capitalised when it is probable that the future economic benefits of such expenditures will flow to the Group. Ongoing expenses are charged to consolidated statement of profit or loss as incurred.

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

(iii) Depreciation

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Depreciation is calculated using the straight line method over their estimated useful lives and is generally recognised in profit or loss. Freehold Land and Capital work in progress is not depreciated.

The estimated useful lives of assets for the current and comparative period are as follows:

Buildings and villas	20 to 50 years
Office furniture and equipment	5 to 10 years
Fit-out leased premises	3 to 10 years
Safes	10 years
Computer systems and equipment	3 to 7 years
Vehicles	3 years

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

(iv) Capital work in progress

Capital work in progress assets are assets in the course of construction for production, supply or administrative purposes, are carried at cost, less any recognised impairment loss. Cost includes all direct cost attributable to design and construction of the property capitalised in accordance with Group's accounting policies. When the assets are ready for the intended use, the capital work in progress is transferred to the appropriate property and equipment category and is depreciated in accordance with the Group's accounting policies.

(v) Impairment of non financial assets

At each reporting date, the Group assesses the carrying amounts of its non financial assets (other than investment properties and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Goodwill is tested annually for impairment. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or group of CGUs that are expected benefit from the synergies of the combination.

Notes to the consolidated financial statements

For the year ended 31 December 2024

6. Material accounting policies (continued)

(v) Impairment of non financial assets (continued)

The 'recoverable amount' of an asset or CGU is the greater of its value in use and its fair value less cost to sell. 'Value in use' is based on the estimated future cash flows, discounted to their present value using pre tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset or CGU.

The Group's corporate assets do not generate separate cash inflows and are used by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGUs to which the corporate assets are allocated.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of any other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Intangible assets

The Group's intangible assets other than goodwill include intangible assets arising out of business combinations. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Goodwill arising on acquisition represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired in case of a bargain purchase, the difference is recognised directly in the income statement.

For the purpose of impairment testing, goodwill and license acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill and license impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss.

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

6. Material accounting policies (continued)

(j) Intangible assets (continued)
Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss in respect of goodwill is not reversed. For other intangible assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset is included in the statement of profit or loss.

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

Customer relationships	7.5 to 15 years
Core deposits	2.5 years to 15 years
Brand	20 years
License	Indefinite life

(k) Collateral pending sale
Real estate and other collateral may be acquired as the result of settlement of certain loans, advances and Islamic financing and are recorded as assets held for sale and reported in "Other assets". The asset acquired is recorded at the lower of its fair value less costs to sell and the carrying amount of the loans, advances and Islamic financing (net of impairment allowance) at the date of exchange. No depreciation is provided in respect of assets held for sale. Any subsequent write down of the acquired asset to fair value less costs to sell is recorded as an impairment loss and included in the consolidated statement of profit or loss. Any subsequent increase in the fair value less costs to sell, to the extent this does not exceed the cumulative impairment loss, is recognised in the consolidated statement of profit or loss. The Group's collateral disposal policy is in line with the respective regulatory requirement of the regions in which the Group operates.

(l) Due to banks and financial institutions, customer accounts and other deposits and commercial paper
Due to banks and financial institutions, customer accounts and other deposits and commercial paper are financial liabilities and are initially recognised at their fair value minus the transaction costs and subsequently measured at their amortised cost using the effective interest rate method.

(m) Repurchase agreements
Assets sold with a simultaneous commitment to repurchase at a fixed price on a specified future date are not derecognised from the statement of the financial position as the Group retains substantially all of the risks and reward of ownership. The liability to the counterparty for amounts received including accrued interest under these agreements is shown as repurchase agreements in the consolidated statement of financial position. The difference between sale and repurchase price is treated as interest expense and accrued over the life of the repurchase agreement and charged to the consolidated statement of profit or loss using the effective interest rate method.

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

6. Material accounting policies (continued)

(n) Term borrowings and subordinated notes
Term borrowings and subordinated notes include convertible notes that can be converted into share capital at the option of the holder, where the number of shares issued do not vary with changes in their fair value, are accounted for as compound financial instruments. The equity component of the convertible notes is calculated as the excess of issue proceeds over the present value of the future interest and principal payments, discounted at the market rate of interest applicable to similar liabilities that do not have a conversion option.

Term borrowing which are designated at FVTPL, the amount of change in the fair value of the liability that is attributable to changes in its credit risk is presented in OCI as a liability credit reserve. On initial recognition of the financial liability, the Group assesses whether presenting the amount of change in the fair value of the liability that is attributable to credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. This assessment is made by using a regression analysis to compare:

- the expected changes in the fair value of the liability related to changes in the credit risk; and
- the impact on profit or loss of expected changes in fair value of the related instruments.

Amounts presented in the liability credit reserve are not subsequently transferred to profit or loss. When these instruments are derecognised, the related cumulative amount in the liability credit reserve is transferred to retained earnings.

Term borrowings and subordinated notes without conversion option and that are not at fair value through profit or loss are financial liabilities which are initially recognised at their fair value minus the transaction costs and subsequently measured at their amortised cost using the effective interest rate method and adjusted to the extent of fair value changes for the risks being hedged.

(o) Treasury shares
Own equity instruments which are acquired (treasury shares) are deducted from the equity and accounted for at weighted average cost. No gain or loss is recognised in the consolidated statement of profit or loss on the purchase, sale, issue or cancelation of the Bank's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium. If treasury shares are distributed as part of a bonus share issue, the cost of the shares is charged against retained earnings. Voting rights relating to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

(p) Share based payment
On the grant date fair value of options granted to staff is estimated and the cost is recognised as staff cost, with a corresponding increase in equity, over the period required for the staff to become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the number of share options for which the related service conditions are expected to be met; as such the amount ultimately recognised as an expense is based on the number of share options that do meet the related service and non market performance conditions at the vesting date. These shares may contribute to the calculation of dilutive EPS once they are deemed as potential ordinary shares.

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

6. Material accounting policies (continued)

(q) Interest income and expense

(i) Effective interest rate
Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. The calculation of the effective interest rate includes transaction costs and any discount or premium on the acquisition of the financial asset, as well fees and costs that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

(ii) 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.

(iii) 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 credit impaired) 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.

For information on when financial assets are credit impaired, note 6(a)(vii).

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

6. Material accounting policies (continued)

(q) Interest income and expense (continued)

(iv) Presentation
Interest income calculated using the effective interest method presented in the consolidated statement of profit or loss and OCI includes:

- interest on financial assets and financial liabilities measured at amortised cost;
- interest on debt instruments measured at FVOCI;
- the effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period as the hedged cash flows affect interest income/expense;
- the effective portion of fair value changes in qualifying hedging derivatives designated in fair value hedges of interest rate risk; and
- negative interest on financial liabilities measured at amortised cost.

Interest expense presented in the consolidated statement of profit or loss and OCI includes:

- financial liabilities measured at amortised cost;
- the effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period as the hedged cash flows affect interest income/expense.
- the effective portion of fair value changes in qualifying hedging derivatives designated in fair value hedges of interest rate risk.
- negative interest on financial assets measured at amortised cost; and
- Interest expense on lease liabilities.

(r) Income from Islamic financing activities
Ijara income is recognised on an effective profit rate basis over the lease term where the usufruct of the lease asset is being transferred to and used by the lessee, until such time a reasonable doubt exists with regard to its collectability.

Murabaha income is recognised based on a fixed deferred sale price stipulated in the Murabaha contract. Based on the Bank's internal accounting treatment, the profit element of the deferred sale price is being calculated on an effective profit rate basis over the period of the contract, until such time a reasonable doubt exists with regard to its collectability.

Mudaraba income is recognised on an accrual basis if they can be reliably estimated. Otherwise, income is recognised on distribution by the Mudarib, whereas the losses are charged to the consolidated statement of profit or loss on their declaration by the Mudarib. Where the Group is the Rab Al Mal the losses are charged to the Group's consolidated statement of profit or loss when incurred.

Wakala income is recognised on the effective profit rate basis over the period, adjusted by actual income when received. Losses are accounted for when incurred.

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

6. Material accounting policies (continued)

(s) Depositors' share of profit
Depositors' share of profit is amount accrued as expense on the funds accepted from banks and customers in the form of wakala and mudaraba deposits and recognised as expenses in the consolidated statement of profit or loss. The amounts are calculated in accordance with agreed terms and conditions of the wakala deposits and Sharia'a principles.

(t) Fee and commission income and expense
The Group earns fee and commission income from a diverse range of financial services provided to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing the services. The basis of accounting treatment of fees and commission depends on the purposes for which the fees are collected and accordingly the revenue is recognised in consolidated statement of profit or loss. Fee and commission income is accounted for as follows:

- income earned from the provision of services is recognised as revenue as the services are provided;
- income earned on the execution of a significant act is recognised as revenue when the act is completed; and
- 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 and recorded in "Interest income".

A contract with a customer that results in a recognised financial instrument in the Group's consolidated 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 and commission expense relates mainly to transaction and service fees which are expensed as the services are received.

(u) Zakat
Zakat is only paid on behalf of shareholders in jurisdictions where zakat payment is made mandatory by the regulations of the jurisdictions. Such payment is made in accordance with the regulations of the jurisdictions. On annual basis, the Group notifies shareholders on the Zakat per share payable with regards to FAB Group Islamic banking activities/assets.

(v) Net gain/(loss) on investments and derivatives
Net gain/(loss) on investments and derivatives comprises realised and unrealised gains/losses on investments at fair value through profit or loss and derivatives, realised gains/losses on non trading investment securities and dividend income. Net gain/(loss) on investment at fair value through profit or loss also includes changes in the fair value of financial assets and financial liabilities designated at fair value. Interest income and expense on financial assets and financial liabilities at FVTPL are included under net gain / loss on investment and derivatives.

Gains or losses arising from changes in fair value of FVOCI assets are recognised in the statement of other comprehensive income and recorded in fair value reserve with the exception of ECL, interest calculated using the effective interest rate method and foreign exchange gains and losses on monetary assets which are recognised directly in the consolidated statement of profit or loss. Where the investment is sold or realised, the cumulative gain or loss previously recognised in equity under fair value reserve is reclassified to the consolidated statement of profit or loss in case of debt instruments. Non trading investment securities includes FVOCI and amortised cost instruments.

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

6. Material accounting policies (continued)

(v) Net gain/(loss) on investments and derivatives (continued)
The Group also holds investments in assets issued in countries with negative interest rates. The Group discloses interest paid on these assets in the line where its economic substance of transaction is reflected (note 33).

Amortised cost investments, which are not close to their maturity are not ordinarily sold. However, when they are sold or realised, the gain or loss is recognised in the consolidated statement of profit or loss.

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

(w) Foreign currency

(i) Foreign currency transactions
Transactions in foreign currencies are translated into the respective functional currencies of the Group entities at spot exchange rates at the dates of the transactions.

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

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

Foreign currency differences arising on transaction are generally recognised in profit or loss. However, foreign currency differences arising from the transaction arising from the translation of the following item are recognised in OCI.

- equity investments in respect of which an election has been made to present subsequent changes in fair value in OCI;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedge is effective.

(ii) Foreign operations
On consolidation, the assets and liabilities of the foreign operations are translated into UAE Dirhams at rates of exchange at the reporting date. The profit or loss of foreign operations are translated at average rates, as appropriate. Exchange differences (including those on transactions which hedge such investments) arising from retranslating the opening net assets, are taken directly to foreign currency translation adjustment account in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of such that control is lost, the cumulative amount in the translation reserve related to the foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, then the relevant proportion of the cumulative amount is reattributed to NCI.

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

6. Material accounting policies (continued)

(x) Income taxes

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

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered/receivable from, or paid/payable, to the taxation authorities.

Current tax is provided for in accordance with fiscal regulations of the respective countries in which the Group operates and is recognised in the consolidated statement of profit or loss. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years. Taxable profit differs from profit as reported in the consolidated statement of profit or loss statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow for all or part of the deferred tax asset to be utilised.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

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

6. Material accounting policies (continued)

(x) Income taxes (continued)

The Bank offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(y) Derivative financial instruments

A derivative is a financial instrument or other contract between two parties where payments are dependent upon movements in the price of one or more underlying financial instrument, reference rate or index with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

Derivative financial instruments are initially measured at fair value at trade date and are subsequently remeasured at fair value at the end of each reporting period. 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. Derivative assets and liabilities arising from different transactions are only offset if the transactions are with the same counterparty and netting set, a legal right of offset exists and the parties intend to settle the cash flows on a net basis.

Derivative fair values are determined from quoted prices in active markets where available. Where there is no active market for an instrument, fair value is derived from prices for the derivative's components using appropriate pricing or valuation models mainly discounted cash flow models. The method of recognising the resulting fair value gains or losses depends on whether the derivative is held for trading, or is designated as a hedging instrument and, if so, the nature of the risk being hedged. All gains and losses from changes in fair value of derivatives held for trading are recognised in the consolidated statement of profit or loss.

Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a host contract). The Group accounts for an embedded derivative separately from the host contract when:

- the host contract is not an asset in the scope of IFRS 9;
- the host contract is not itself carried at FVTPL;
- the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract; and
- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

Separated embedded derivatives are measured at fair value, with all changes in fair value recognised in profit or loss unless they form part of a qualifying cash flow or net investment hedging relationship. Separated embedded derivatives are presented in the consolidated statement of financial position together with the host contract.

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

6. Material accounting policies (continued)

(z) Other derivatives
Other non trading derivatives are recognised on balance sheet at fair value. If a derivative is not held for trading, and is not designated in a qualifying hedging relationship, then all changes in its fair value are recognised immediately in profit or loss as a component of net gain on investments and derivatives or net foreign exchange gain.

(aa) Hedge accounting
When derivatives are designated as hedges, the Group classifies them as either:

- fair value hedges which hedge the exposure to changes in the fair value of a recognised asset or liability;
- cash flow hedges which hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction;
- hedge of net investment which are accounted similarly to a cash flow hedge. Hedge accounting is applied to derivatives designated as hedging instruments in a fair value or cash flow, provided the criteria are met.

It is the Group's policy to document, at the inception of a hedge, the relationship between hedging instruments and hedged items, as well as risk management objective and strategy. The policy also requires documentation of the assessment, at inception and on an on going basis, of the effectiveness of the hedge.

The Group makes an assessment, both at the inception of the hedge relationship as well as on an on going basis, as to whether the hedging instrument(s) is (are) expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item(s) during the period for which the hedge is designated. The Group makes an assessment for a cash flow hedge of a forecast transaction, as to whether the forecasted transaction is highly probable to occur and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

The Group normally designates a portion of the cash flows of a financial instrument for cash flow or fair value changes attributable to a benchmark interest rate risk, if the portion is separately identifiable and reliably measurable.

(i) Fair value hedge
When a derivative is designated as the hedging instrument in a fair value hedge relationship, changes in the fair value of the derivative are recognised immediately in profit or loss. 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 amortised cost, then its carrying amount is adjusted for the risk being hedged 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.

On hedge discontinuation, any hedging adjustment made previously to a hedged financial instrument for which the effective interest method is used is amortised to profit or loss by adjusting the effective interest rate of the hedged item from the date on which amortisation begins. If the hedged item is derecognised, then the adjustment is recognised immediately in profit or loss when the item is derecognised.

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

6. Material accounting policies (continued)

(aa) Hedge accounting (continued)

(ii) Cash flow hedge
When a derivative is designated as the hedging instrument in a cash flow hedge relationship, the effective portion of changes in the fair value of the derivatives is recognised in OCI and presented in the hedging reserve within equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the consolidated statement of profit or loss. The amount recognised in the hedging reserve under OCI is reclassified to consolidated statement of profit or loss as a reclassification adjustment in the same period as the hedged cash flows affect profit or loss and in the same line in the consolidated statement of profit or loss and OCI.

If the hedging derivative expires, is sold, terminated or exercised or the hedge no longer meets the criteria for cash flow hedge accounting the hedge accounting or the hedge designation is revoked, then the hedge accounting is discontinued prospectively. If the hedged cash flows are no longer expected to occur, then the Group immediately reclassifies the amount in the hedging reserve from OCI to consolidated statement of profit or loss. For terminated hedging relationships, if the hedged cash flows are still expected to occur, then the amount accumulated in the hedging reserve is not reclassified until the hedged cash flows affect profit or loss; if the hedged cash flows are expected to affect profit or loss in multiple reporting periods, then the Group reclassifies the amount in the hedging reserve from OCI to profit or loss on a straight line basis.

(iii) Net investments hedges
A foreign currency exposure arises from a net investment in branches/subsidiaries that have a different functional currency from that of the Group. The risk arises from the fluctuation in exchange rates between the functional currency of the branches/subsidiaries and the Group's functional currency, which causes the amount of the net investment to vary in the consolidated financial statements of the Group. As this risk may have a significant impact on the Group's consolidated financial statement, the Group assesses this risk case by case and may decide to hedge the exposure.

When a derivative instrument or a non derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of the changes in the fair value of the hedging instrument is recognised in OCI and presented in the translation reserve within equity. The effective portion of the change in fair value of the hedging instrument is computed with reference to the functional currency of the parent entity against whose functional currency the hedged risk is measured. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non derivative is recognised immediately in the consolidated statement of profit or loss. The amount recognised under OCI is fully or partially reclassified to consolidated statement of profit or loss as a reclassification adjustment on disposal of the foreign operation or partial disposal of the foreign operation, respectively.

(ab) Provisions
A provision is recognised when the Group has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of time value of money is material, provisions are determined by discounting the expected future cash flows, at a pre tax rate, that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

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

6. Material accounting policies (continued)

(ac) End of services and post employment benefits
The Group provides end of service benefits for its employees. The entitlement to these benefits is based upon the employees' length of service and completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. With respect to its UAE national employees, the Group makes 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.

(i) Defined contribution plan
A defined contribution plan is a post-employment benefit plan 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.

(ii) Defined benefit plan
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the consolidated statement of financial position in respect of defined benefit gratuity plans 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 qualified actuaries using the projected unit credit method. 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.

Remeasurements of the net defined benefit liability, 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 plans are recognised in "staff cost" 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 plan when the settlement occurs.

(ad) Board of Directors' remuneration
Pursuant to Article 171 of Federal Decree-Law no. (32) of 2021 and in accordance with the Bank's Articles of Association, Directors' shall be entitled for remuneration which shall not exceed 10% of the net profits after deducting depreciation and reserves.

(ae) 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 profit or loss attributable to ordinary shareholders of the Group 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, which comprise of convertible notes and share options granted to staff.

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

6. Material accounting policies (continued)

(af) 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. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer, being the chief operating decision maker, to make decisions about resources to be allocated to the segment and to assess its performance for which discrete financial information is available. Segment results that are reported to the Group Chief Executive include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(ag) Leases
At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

(i) Group acting as a lessee
At commencement or on modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its relative standalone price.

The Group recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost less any accumulated depreciation and impairment losses if any, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises. The right of use asset is subsequently depreciated using the straight line method from the commencement date to the end of the lease term. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

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

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

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

6. Material accounting policies (continued)

(ag) Leases (continued)

(i) Group acting as a lessee (continued)
The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero. The Group presents right of use assets in 'property and equipment' and lease liabilities in 'other liabilities' in the consolidated statement of financial position.

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

(iii) Group acting as a lessor
At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on their relative stand alone selling prices.

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

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

At the commencement date of a finance lease, as a lessor, the Group recognises assets held under a finance lease in its consolidated statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease.

At the commencement of an operating lease, as a lessor, the Group recognises lease payments from operating leases as income on either a straight line basis or another systematic basis. The Group applies another systematic basis if that basis is more representative of the pattern in which the benefit from the use of the underlying asset is diminished.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

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

6. Material accounting policies (continued)

(ah) Guarantees, letter of credit and loan commitment
To meet the financial needs of the customers, the Group issues guarantees, letter of credit and loan commitments.

Guarantees are contracts that require the Group to make specified payments to reimburse the holders for a loss they incur because a specified debtor fails to make payment when due, in accordance with the terms of a debt instrument.

Guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- the amount of the loss allowance; and
- the premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Guarantees are reviewed periodically to determine the credit risk to which they are exposed and, if appropriate, to consider whether a provision is required. The credit risk is determined by application of criteria similar to those established for quantifying impairment losses on loans, advances and Islamic financing. If a specific provision is required for guarantees, the related unearned commissions recognised under other liabilities in the consolidated balance sheet are reclassified to the appropriate provision.

Letters of credit and guarantees (including standby letters of credit) commit the Group to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Guarantees and standby letters of credit carry a similar credit risk to loans.

Loan commitments are irrevocable commitments to provide credit under pre specified terms and conditions.

Similar to financial guarantee contracts, undrawn loan commitments and letters of credits contracts are in the scope of ECL requirements.

7. Use of estimates and judgements
The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In applying the Group's accounting policies, IFRS Accounting Standards require management to select suitable accounting policies, apply them consistently and make judgements, estimates and assumptions that are reasonable and prudent and would result in relevant and reliable information. Management, based on guidance in IFRS Accounting Standards and the IASB's framework for the preparation and presentation of financial statements has made these estimates, judgements and assumptions. Listed below are those estimates and judgement which could have the most significant effect on the amounts recognised in the consolidated financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experiences and other factors, including expectation of future events that may have a financial impact on the Group and considered to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

7. Use of estimates and judgements (continued)

(a) Going concern
The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has resources to continue in business for the foreseeable future. In making this assessment, management has considered a wide range of information including projections of profitability, regulatory capital requirements and funding needs. The assessment also includes consideration of reasonably possible downside economic scenarios and their potential impacts on the profitability, capital and liquidity of the Group. In making this assessment, the Group has considered the impact of climate related matters on their going concern assessment.

Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on going concern basis.

(b) Impairment charge on financial assets
Impairment losses are evaluated as described in accounting policy 6(a)(vii).

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires assumptions, in particular, in the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of multiple models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's internal credit grading model, which assigns PDs to the individual grades.
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment.
- The segmentation of financial assets when their ECL is assessed on a collective basis.
- Development of ECL models, including the various formulas and the choice of inputs.
- Determination of impacts between economic inputs, such as oil prices, gross domestic product and collateral values etc. on PDs, EADs and LGDs.
- Selection of forward looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models. The Group is currently in process for assessing the impact of climate risk in the Group's risk models.

It is the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

(c) Impairment charge on property and equipment
Impairment losses are evaluated as described in accounting policy note 6(a)(vii).

In determining the net realisable value, the Group uses the selling prices determined by external independent valuer companies, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The selling prices are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction.

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

7. Use of estimates and judgements (continued)

(d) Contingent liability arising from litigation
The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings, arising in the ordinary course of the Group's business.

When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group records a provision against the case, no provision is made where the probability of outflow is considered to be remote, or probable, or a reliable estimate cannot be made. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

(e) Valuation of financial instruments
The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The valuation techniques of financial instruments may require certain unobservable inputs to be estimated by management. These are discussed in detail in note 6 (a)(vi) & note 49.

(f) Defined benefit plan
The present value of the defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for obligations include the discount rate. Any changes in these assumptions would impact the carrying amount of the defined benefit obligation.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of the estimated future cash flows expected to be required to settle the future obligations. In determining the appropriate discount rate, the Group considers interest rate of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have the terms to maturity approximating the terms of related benefit obligation. Other key assumptions for defined benefit obligations are based in part on current market conditions. Additional information on these assumptions is disclosed in note 22.

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

7. Use of estimates and judgements (continued)

(g) Financial asset and liability classification
The Group's accounting policies provide scope for the classification and assessment of the business model for financial assets and liabilities to be designated on inception into different accounting categories. The classification criteria are mentioned in policy note 6 (a)(ii).

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

(h) Assessment whether cash flows are SPPI for certain Islamic financing assets
Determining whether a financial asset's cash flows are solely payments of principal and interest required judgement for certain Islamic financing assets. Management has assessed the features of the contract which require the customers to pay certain compensation in addition to the outstanding principal and accrued profit. Management believes that such additional amounts represent 'reasonable compensation' for the reinvestment costs.

(i) Operating segments
In preparation of the segment information disclosure, management has made certain assumptions to arrive at the segment reporting. These assumptions would be reassessed by management on a periodic basis. Operating segments are detailed in note 44.

(j) Effective Interest Rate (EIR) method
The Group's EIR method, as explained in note 6 (p), recognises interest income using a rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset; or the amortised cost of the financial liability along with recognising the impact of transaction costs and fees and points paid or received that are an integral part of the effective interest rate. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life cycle of the instruments, as well expected changes to the base rate and other fee income/expense that are integral parts of the instrument.

(k) Hedge accounting
The Group has designated hedge relationships as both fair value and cash flow hedges. The Bank's hedge accounting policy include an element of judgement and estimation. Estimates of future interest rates and the general economic environment will influence the availability and timing of suitable hedged items, with an impact on the effectiveness of the hedge relationships. Group's hedge accounting policies include an element of judgement and estimation in note 6 (z).

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

7. Use of estimates and judgements (continued)

(l) Goodwill impairment testing
The Group estimates that reasonably possible changes in the assumptions used for the impairment would not cause the recoverable amount of either CGU to decline below the carrying amount. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its recoverable amount. CGU is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the Group consolidated statement of profit or loss statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of other assets in the unit (group or units) on a pro rata basis.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(m) Effect of climate risk on accounting judgments and estimates
Where appropriate, the Bank considers climate related matters in its estimates and assumptions, which may increase their inherent level of uncertainty. The Group makes use of reasonable and supportable information to make accounting judgments and estimates, this includes information about the observable effects of the physical and transition risks of climate change. Many of the effects arising from climate change will be longer term in nature, with an inherent level of uncertainty, and have limited effect on accounting judgments and estimates.

(n) Tax
The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. In determining the amount of current and deferred tax, the Group considers the impact of tax exposures, including whether additional taxes and interest maybe due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities would impact tax expense in the period in which such a determination is made (refer note 39).

(o) Investment properties
The fair value of investment properties is determined by using valuation techniques. For further details of the judgments and assumptions made (note 16).

(p) Structured entities
The Group's accounting policies provide scope for the classification and consolidation of structured entities in policy note 5 (iii). For all funds managed by the Group, the investors are able to vote by simple majority to remove the Group as fund manager, and the Group's aggregate economic interest in each fund is not material. As a result, the Group has concluded that it acts as an agent for the investors in these funds, and therefore has not consolidated these funds.

Notes to the consolidated financial statements

For the year ended 31 December 2024

8. Cash and balances with central banks

	31 Dec 2024 AED million	31 Dec 2023 AED million
Cash on hand	2,128	1,920
Central Bank of the UAE		
cash reserve deposits	68,961	34,173
other balances	10,000	28,000
Balances with other central banks	133,459	169,462
Gross cash and balances with central banks	**214,548**	**233,555**
Less: expected credit loss	(144)	(165)
Total cash and balances with central banks	**214,404**	**233,390**

As per the CBUAE regulations, the Bank is allowed to draw their balances held in the UAE reserve account, while ensuring that they meet the reserve requirements over a 14 day period. Balances with other central banks includes mandatory reserves which are available for day to day operations under certain specified conditions.

9. Investments at fair value through profit or loss

	31 Dec 2024 AED million	31 Dec 2023 AED million
Investments in managed funds	1	9
Investment in private equities	3,601	3,136
Investments in equities	2,226	1,568
Debt securities	50,200	40,496
Total investments at fair value through profit or loss	**56,028**	**45,209**

Included in the above are sukuk investments as at 31 December 2024 amounting to AED 2,837 million (31 December 2023: AED 1,449 million).

10. Due from banks and financial institutions

	31 Dec 2024 AED million	31 Dec 2023 AED million
Current, call and notice deposits	2,464	4,440
Margin deposits	14,937	14,728
Fixed deposits	6,373	6,156
Gross due from banks and financial institutions	**23,774**	**25,324**
Less: expected credit loss	(50)	(58)
Total due from banks and financial institutions	**23,724**	**25,266**

Notes to the consolidated financial statements

For the year ended 31 December 2024

11. Reverse repurchase agreements

The Group enters into reverse repurchase agreements in the normal course of business in which the third party transfers financial assets to the Group for short term financing.

	31 Dec 2024 AED million	31 Dec 2023 AED million
Reverse repurchase with banks and others	69,755	77,114
Reverse repurchase with central banks	-	1,477
Gross reverse repurchase agreements	**69,755**	**78,591**
Less: expected credit loss	(94)	(87)
Total reverse repurchase agreements	**69,661**	**78,504**

At 31 December 2024, the fair value of financial assets accepted as collateral that the Group is permitted to sell or re-pledge in the absence of default is AED 114,374 million (31 December 2023: AED 89,895 million).

At 31 December 2024, the fair value of financial assets accepted as collateral that have been sold or re-pledged was AED 6,907 million (31 December 2023: AED 8,331 million). The Group is obliged to return equivalent securities. These transactions are conducted under terms that are usual and customary to standard lending, and securities borrowing and lending activities.

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

12. Loans, advances and Islamic financing

	31 Dec 2024 AED million	31 Dec 2023 AED million
Gross loans, advances and Islamic financing	550,513	504,641
Less: interest in suspense	(7,827)	(7,186)
Less: expected credit loss	(13,789)	(13,501)
Net loans, advances and Islamic financing	**528,897**	**483,954**

	31 Dec 2024 AED million	31 Dec 2023 AED million
By counterparty:		
Government sector	72,830	61,310
Public sector	81,027	79,383
Banking sector	17,993	12,607
Corporate / private sector	294,255	269,854
Personal / retail sector	84,408	81,487
Gross loans, advances and Islamic financing	**550,513**	**504,641**

	31 Dec 2024 AED million	31 Dec 2023 AED million
By product:		
Overdrafts	19,470	21,031
Term loans	443,286	414,882
Trade related loans	50,488	32,199
Personal loans	30,075	29,252
Credit cards	5,478	5,541
Vehicle financing loans	1,716	1,736
Gross loans, advances and Islamic financing	**550,513**	**504,641**

The Group provides lending against investment in equity securities and funds. The Group is authorised to liquidate these instruments if their coverage falls below the agreed threshold. The carrying value of such lending is AED 78,215 million (31 December 2023: AED 77,557 million) and the fair value of instruments held as collateral against such loans is AED 200,672 million (31 December 2023: AED 188,577 million). During the year, the Group has liquidated insignificant amount of collateral due to fall in the coverage ratio.

Included in the above loans, advances and Islamic financing are the following Islamic financing contracts:

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

12. Loans, advances and Islamic financing (continued)

Islamic financing contracts

	31 Dec 2024 AED million	31 Dec 2023 AED million
Murabaha	26,308	25,429
Ijara	15,731	12,683
Others	567	561
Gross Islamic financing contracts	**42,606**	**38,673**
Less: suspended profit	(164)	(208)
Less: expected credit loss	(1,827)	(1,147)
Total Islamic financing contracts	**40,615**	**37,318**

13. Non trading investment securities

	31 Dec 2024 AED million	31 Dec 2023 AED million
Fair value through other comprehensive income (FVOCI):		
with recycle to profit or loss (Debt investments securities)	177,922	170,716
without recycle to profit or loss (Equity investments securities1)	5,495	4,553
Amortised cost securities	4,030	4,375
Gross non trading investment securities	**187,447**	**179,644**
Less: expected credit loss on amortised cost securities	(1)	(1)
Total non trading investment securities	**187,446**	**179,643**

[1]Equity investments securities measured at FVOCI are strategic investments for long term purposes.

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

13. Non trading investment securities (continued)

An analysis of non trading investments securities by class at the reporting date is shown below:

	31 Dec 2024			31 Dec 2023		
	Quoted AED million	Unquoted AED million	Total AED million	Quoted AED million	Unquoted AED million	Total AED million
Equity investment securities	1,187	4,308	5,495	1,051	3,502	4,553
Debt investment securities	181,032	920	181,952	174,026	1,065	175,091
Gross non trading investment securities	**182,219**	**5,228**	**187,447**	**175,077**	**4,567**	**179,644**
Less: expected credit loss on amortised cost securities	(1)	-	(1)	(1)	-	(1)
Total non trading investment securities	**182,218**	**5,228**	**187,446**	**175,076**	**4,567**	**179,643**

Included in the above are sukuk investments as at 31 December 2024 amounting to AED 8,864 million (31 December 2023: AED 9,735 million).

Debt investments securities under repurchase agreements included in non trading investment securities as at 31 December 2024 amounted to AED 25,660 million (31 December 2023: AED 18,360 million).

As at 31 December 2024, the fair value of non trading investment securities measured at amortised cost amounted to AED 3,867 million
(31 December 2023: AED 4,154 million).

14. Other assets

	31 Dec 2024 AED million	31 Dec 2023 AED million
Interest receivable	31,854	28,077
Acceptances	12,633	7,659
Sundry debtors and other receivables	4,797	5,659
Deferred tax asset	423	238
Gross other assets	**49,707**	**41,633**
Less: expected credit loss	(267)	(301)
Net other assets	**49,440**	**41,332**

The Group does not perceive any significant credit risk on interest receivable and acceptances.

Acceptances arise when the Group is under an obligation to make payments against documents drawn under letters of credit. After acceptance, the instrument becomes an unconditional liability of the Group and is therefore recognised as a financial liability in the consolidated statement of financial position (refer note 22). However, every acceptance has a corresponding contractual right of reimbursement from the customer which is recognised as a financial asset.

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

15. Investment in associates

	31 Dec 2024 AED million	31 Dec 2023 AED million
Investment in associates	4,963	1,501
Total investment in associates	**4,963**	**1,501**

On 9 June 2023, FAB had entered into an agreement with affiliates of Brookfield Asset Management ("Brookfield"), together with other co-investors, for the acquisition by BCP VI Neptune Bidco Holdings Limited of Network International Holdings Plc ("Network") for AED 10.3 billion (GBP 2.2 billion). Pursuant to effectiveness of the Scheme of Arrangement (under Part 26 of the UK Companies Act 2006), on 17 September 2024, FAB alongside Brookfield and other co-investors has acquired 100% of the share capital of Network (the "Network International Acquisition") through BCP VI Neptune Bidco Holdings Limited.

Under the terms of the agreement, FAB and other parties had provided equity funding, interim and revolving financing facilities to facilitate the Network International Acquisition. Additionally, FAB has entered into an agreement with Brookfield and other co-investors to transfer its investment in BCP Growth Holdings Limited in exchange for a convertible loan instrument that converts into an equity investment in NPH1 following receipt of necessary regulatory clearances. Upon completion of the conversion, FAB effectively holds c.34% in NPH1. Accordingly, the shareholding in NPH1 has been recognised as an investment in associate during the year.

16. Investment properties

	31 Dec 2024 AED million	31 Dec 2023 AED million
As at the beginning of year	8,162	7,168
Additions	8	1,561
Disposals	(2)	(568)
Fair value adjustment	1	1
As at the year end	**8,169**	**8,162**

The fair value of the investment properties is based on the valuations performed by third party valuers as at 31 December 2024 and 31 December 2023. These all are level 3 under the fair value hierarchy.

Amounts recognised in the consolidated statement of profit or loss in respect of net rental income of investment properties are as follows:

	31 Dec 2024 AED million	31 Dec 2023 AED million
Rental income derived from investment properties	212	163
Operating expenses	(61)	(54)
Net rental income from investment properties	**151**	**109**

Investment properties are stated at fair value which represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants under prevailing market conditions at the measurement date.

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

16. Investment properties (continued)

The Group's investment properties consist of land and buildings in Abu Dhabi and Dubai. Management determined that these investment properties consist of two classes of commercial and retail assets, based on the nature, characteristics and risks of each property.

The valuers are accredited with recognised and relevant professional qualifications and with recent experience in the location and category of investment properties being valued. The fair values have been determined based on varying valuation models depending on the intended use of the investment properties; in accordance with the Royal Institution of Chartered Surveyors ("RICS") Valuation Standards.

Description of valuation techniques used and key inputs to valuation on investment properties as at 31 December 2024 and 2023:

Type	31 Dec 2024 AED million	Valuation technique	Significant unobservable inputs	Inter relationship between key unobservable inputs
Buildings	4,469	Comparable and residual method Sales comparison method	Comparable transactions Current market price of similar assets	Not applicable
Land	3,700	Comparable and residual method	Cost of construction Developer's profit Financing cost	Not applicable

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

17. Intangibles

	Goodwill AED million	Customer relationships AED million	Core deposits AED million	License AED million	Brand AED million	Total AED million
Cost						
As at 1 January 2023	18,693	1,778	704	369	22	21,566
Additions	-	-	-	-	-	-
As at 31 December 2023	**18,693**	**1,778**	**704**	**369**	**22**	**21,566**
As at 1 January 2024	18,693	1,778	704	369	22	21,566
Additions	-	-	-	-	-	-
As at 31 December 2024	**18,693**	**1,778**	**704**	**369**	**22**	**21,566**
Accumulated amortisation						
As at 1 January 2023	-	921	301	-	11	1,233
Charge for the year	-	136	60	-	1	197
As at 31 December 2023	**-**	**1,057**	**361**	**-**	**12**	**1,430**
As at 1 January 2024	-	1,058	361	-	12	1,431
Charge for the year	-	137	58	-	1	196
As at 31 December 2024	**-**	**1,195**	**419**	**-**	**13**	**1,627**
Carrying amounts						
At 31 December 2023	**18,693**	**721**	**343**	**369**	**10**	**20,136**
At 31 December 2024	**18,693**	**583**	**285**	**369**	**9**	**19,939**

Testing goodwill for impairment involves a significant amount of judgment. This includes the identification of independent CGUs and the allocation of goodwill to these units based on which units are expected to benefit from the acquisition. In a goodwill impairment test, the recoverable amounts of the goodwill carrying CGUs are compared with the respective carrying amounts. The recoverable amount is the higher of a CGUs fair value less costs of disposal and its value in use.

For the purposes of impairment testing, goodwill is allocated to the Group's independent CGUs which are Corporate & Investment Banking – AED 13,221 million, Consumer Banking – AED 4,149 million and FAB Egypt operation – AED 1,323 million (FAB Misr).

The recoverable amount for the CGUs have been calculated based on their value in use, determined by discounting the future cash flows expected to be generated from the continuing use of the CGUs, assets and their ultimate disposal at a discount rate of ~9.5% p.a. and a terminal growth rate ranging from 5% to 7% p.a. based on the CGU earning growth.

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

17. Intangibles (continued)

The key assumptions described above may change as economic and market conditions change. The Group estimates that reasonably possible changes in these assumptions would not cause the recoverable amount of above CGUs to decline below the carrying amount. The recoverable amount of the CGUs has been determined based on a value in use calculation, using cash flow projections covering a five year period and by applying a terminal growth rate thereafter. The forecast cash flows have been discounted using the Weighted Average Cost of Capital.

The calculation of value in use in the CGUs is most sensitive to the following assumptions:

- Interest margins;
- Discount rates;
- Market share during the projection period;
- Projected growth rates used to extrapolate cash flows beyond the projection period;
- Current local Gross Domestic Product ("GDP"); and
- Local inflation rates.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. No impairment losses were recognised during the year ended 31 December 2024 (31 December 2023: nil) because the recoverable amounts of the CGU's were determined to be higher than their carrying amounts.

18. Due to banks and financial institutions

	31 Dec 2024 AED million	31 Dec 2023 AED million
Due to Banks and financial institutions		
Current, call and notice deposits	5,969	6,759
Margin	14,893	11,946
Fixed deposits	15,862	18,576
	36,724	**37,281**
Due to Central banks		
Current and call deposits	245	215
Margin deposits	-	705
Fixed and certificate of deposits	34,927	33,327
	35,172	**34,247**
Total due to banks and financial institutions	**71,896**	**71,528**

Due to banks and financial institutions are denominated in various currencies and carry a rate of interest in the range of 0.02 % to 5.54 % (31 December 2023: 0.02 % to 5.32 %).

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

19. Repurchase agreements

The Group enters into repurchase agreements in the normal course of business by which it transfers recognised financial assets directly to third parties.

	31 Dec 2024 AED million	31 Dec 2023 AED million
Repurchase agreements with banks / financial institutions	32,329	26,096
Total repurchase agreements	**32,329**	**26,096**

The carrying value that is also the fair value of financial assets collateralised as at 31 December 2024 amounted to AED 25,660 million (31 December 2023: AED 18,360 million) and their associated financial liabilities amounted to AED 32,329 million (31 December 2023: AED 26,096 million). The net difference between the fair value of the financial assets collateralised and the carrying value of the repurchase agreement is AED 6,669 million (31 December 2023: AED 7,735 million) which represents pledged financial assets received as collateral against reverse repurchase agreements or through security borrowing arrangement from custodian.

20. Commercial paper

The Bank has a Euro Commercial Paper programme with a limit of USD 3.5 billion and a US Dollar Commercial Paper programme with a limit of USD 10 billion.

The notes outstanding as at 31 December 2024 amounted to AED 17,888 million (31 December 2023: AED 19,659 million) and have maturity period of less than 12 months.

The Group has not had any defaults of principal, interest or other breaches with respect to its commercial paper programs during the years ended 31 December 2024 and 31 December 2023.

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

21. Customer accounts and other deposits

	31 Dec 2024 AED million	31 Dec 2023 AED million
By account:		
Current accounts	321,176	329,826
Savings accounts	38,713	30,874
Margin accounts	3,552	2,611
Notice and time deposits	385,034	362,481
	748,475	**725,792**
Certificates of deposit	33,904	34,071
Total customer accounts and other deposits	**782,379**	**759,863**

	31 Dec 2024 AED million	31 Dec 2023 AED million
By counterparty:		
Government sector	174,519	203,000
Public sector	87,152	72,682
Corporate / private sector	358,779	337,100
Personal / retail sector	128,025	113,010
	748,475	**725,792**
Certificates of deposit	33,904	34,071
Total customer accounts and other deposits	**782,379**	**759,863**

	31 Dec 2024 AED million	31 Dec 2023 AED million
By location:		
UAE	562,120	562,985
Europe	81,882	59,496
Arab countries	45,209	51,011
Americas	36,593	35,019
Asia	18,712	15,137
Others	3,959	2,144
	748,475	**725,792**
Certificates of deposit	33,904	34,071
Total customer accounts and other deposits	**782,379**	**759,863**

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

21. Customer accounts and other deposits (continued)

Islamic customer deposits

Included in the above customer accounts and other deposits are the following Islamic customer deposits:

	31 Dec 2024 AED million	31 Dec 2023 AED million
Wakala deposits	9,037	6,558
Mudaraba saving deposits	5,389	3,856
Current account	2,638	2,026
Murabaha deposits	686	437
Margin deposits	82	78
Mudaraba term deposits	52	72
Total Islamic customer deposits	**17,884**	**13,027**

22. Other liabilities

	31 Dec 2024 AED million	31 Dec 2023 AED million
Interest payable	26,771	24,217
Acceptances	6,034	6,832
Provision employees' end of service benefits	395	379
Accounts payable, sundry creditors and other liabilities	17,170	14,909
Income tax	2,103	595
Total other liabilities	**52,473**	**46,932**

Employees end of service benefits

Defined benefit obligations

The Group provides for end of service benefits for its eligible employees. An actuarial valuation has been carried out as at 31 December 2024 to ascertain present value of the defined benefit obligation. A registered actuary in the UAE was appointed to evaluate the same. The present value of the defined benefit obligation, and the related current and past service cost, were measured using the Projected Unit Credit Method.

The following key assumptions (weighted average rates) were used to value the liabilities:

	31 Dec 2024	31 Dec 2023
Discount rate	5.80% per annum	5.48% per annum
Salary increase rate	2.96% per annum	2.48% per annum

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

22. Other liabilities (continued)

Employees end of service benefits (continued)

Defined benefit obligations (continued)
Demographic assumptions for mortality, withdrawal and retirement were used in valuing the liabilities and benefits under the plan. Because of the nature of the benefit, which is a lump sum payable on exit due to any cause, a combined single decrement rate has been used.

A shift in the in the discount rate assumption by +/- 50 basis points would impact the liability by AED 8 million (31 December 2023: AED 8 million) and AED 9 million (31 December 2023: AED 8 million) respectively. Similarly, a shift in the salary increment rate assumption by +/- 50 basis points would impact the liability by AED 9 million (31 December 2023: AED 9 million) and AED 9 million (31 December 2023: AED 8 million) respectively.

The movement in the employees' end of service obligation was as follows:

	31 Dec 2024 AED million	31 Dec 2023 AED million
Balance at the beginning of year	379	381
Net charge during the year	59	53
Remeasurement losses in OCI	13	10
Paid during the year and other adjustments	(56)	(65)
Balance at the end of year	**395**	**379**

Defined contribution plan
The Group pays contributions for its eligible employees which are treated as defined contribution plans. The charge for the year in respect of these contributions is AED 129 million (31 December 2023: AED 120 million). As at 31 December 2024, pension payable of AED 16 million (31 December 2023: AED 16 million) has been classified under other liabilities.

Income tax
The Group has provided for income tax in accordance with management's estimate of the total amount payable based on tax rates enacted or substantively enacted as at the reporting date. Where appropriate, the Group has made payments of tax on account in respect of these estimated liabilities.

The income tax charge for the year is calculated based upon the adjusted net profit for the year. The movement in the provision was as follows:

	31 Dec 2024 AED million	31 Dec 2023 AED million
Balance at the beginning of year	595	578
Charge for the year	2,818	1,042
Income tax paid, net of recoveries	(1,446)	(1,058)
Other movements	136	33
Balance at the end of year	**2,103**	**595**

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

22. Other liabilities (continued)

Income tax (continued)

UAE Corporate Tax Law
On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime has become effective for the Group from 1 January 2024. A rate of 9% is applicable to taxable income exceeding AED 375,000 based on the Cabinet Decision 116 of 2022.

Current taxes should be measured at the amount expected to be paid to or recovered from the tax authorities by reference to tax rates and laws that have been enacted or substantively enacted, by the end of the any reporting period. The Group has accounted for current taxes in the financial statement for the period beginning from 1 January 2024.

Deferred taxes should be measured by reference to the tax rates and laws, as enacted, or substantively enacted, by the end of the reporting period, that are expected to apply in the periods in which the assets and liabilities to which the deferred tax relates are realized or settled. The company considered the application of IAS 12 and any requirements for the measurements and recognition of deferred taxes for the year ended 31 December 2024.

Pillar 2 disclosure
The Group is subject to the Pillar Two Model rules as per the Organisation for Economic Cooperation and Development's ('OECD') Global Anti-Base Erosion ('GloBE') proposal in several jurisdictions in which the Group operates.

While The UAE Ministry of Finance announced in December 2024 that a Domestic Minimum Top-up Tax (DMTT) of 15% will be effective for financial years starting on or after 1 January 2025, this is not considered to be substantively enacted as regulation or guidance for this has not been announced. France, Switzerland and the UK have implemented either a global or domestic minimum tax of 15%, effective for 2024 onwards, whilst Bahrain, Malaysia and Singapore have implemented either a global or domestic minimum tax of 15% effective for 2025 onwards. Other jurisdictions where the Bank has a taxable presence, including Hong Kong intends to implement the GloBE proposal for 2025 onwards.

As a result of on going implementation uncertainties, the Group is not able to provide a reasonable estimation at the reporting date and is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance. The assessment considers a number of factors including whether the transitional safe harbour is expected to apply based on the most recent filings of tax returns, country by country reporting and financial statements of the relevant entities. For those jurisdictions where either a global minimum tax or domestic minimum tax or both have been implemented with effect for 2024 onwards, no material impact to the Bank's IFRS Accounting Standards tax charge was recognised.

The Group has applied the mandatory and temporary exception from recognising and disclosing information on the associated deferred tax assets and liabilities at 31 December 2024 as required by the amendments to IAS 12 'International Tax Reform – Pillar Two Model Rules'.

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

23. Term borrowings

	31 Dec 2024 AED million	31 Dec 2023 AED million
Amortised cost	64,106	63,426
Fair value through profit or loss	682	513
Total term borrowings	**64,788**	**63,939**

During the year, the Bank has issued various fixed and floating rate notes. The movement of term borrowings during the year is below:

	31 Dec 2024 AED million	31 Dec 2023 AED million
Beginning of the year	63,939	62,635
New issuances	14,648	8,140
Repayments	(12,461)	(8,397)
Fair valuations, exchange movements and other adjustments	(1,338)	1,561
End of the year	**64,788**	**63,939**

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

23. Term borrowings (continued)

		31 Dec 2024						31 Dec 2023					
Currency	Interest rate (range)	Up to 3 months AED million	3 months to 1 year AED million	1 to 3 years AED million	3 to 5 years AED million	Over 5 years AED million	Total AED million	Up to 3 months AED million	3 months to 1 year AED million	1 to 3 years AED million	3 to 5 years AED million	Over 5 years AED million	Total AED million
AED	Fixed rate of 4.00% to 6.00% p.a.	-	-	1,396	6	-	1,402	-	4	1,385	6	-	1,395
AUD	Fixed rate of 1.87% p.a.	-	-	140	-	-	140	-	-	150	-	-	150
AUD	3 month AUD BBSW + up to 4.459% p.a.	797	68	345	68	-	1,278	-	-	1,328	-	75	1,403
CHF	Fixed rate of 0.07% to 1.072% p.a.	-	604	3,243	-	-	3,847	-	1,500	2,330	1,683	-	5,513
CNH	Fixed rate of 2.79% to 4.05% p.a.	69	3,298	1,398	-	-	4,765	433	943	4,356	78	-	5,810
EUR	Fixed rate of 0.125% to 3.00% p.a.	-	378	4,599	46	156	5,179	-	98	3,222	1,911	164	5,395
GBP	Fixed rate of 0.875% to 2.205% p.a.	-	1,885	1,072	79	-	3,036	-	-	2,906	-	80	2,986
HKD	Fixed rate of 0.85% to 3.94% p.a.	-	825	432	-	-	1,257	-	138	1,042	180	-	1,360
JPY	Fixed rate of 0.235% to 2.60% p.a.	-	-	228	-	-	228	52	-	257	-	-	309
MXN	Fixed rate of 0.50% p.a.	-	-	-	10	-	10	-	-	-	11	-	11
PHP	Fixed rate of 3.80% p.a.	-	-	-	-	-	-	-	146	-	-	-	146
NZD	Fixed rate of 5.5% p.a.	-	-	-	75	-	75	-	-	-	83	-	83
USD	Fixed rate of up to 6.66% p.a.	3,356	126	6,864	12,885	7,332	30,563	4,586	922	5,898	10,402	8,032	29,840
USD	3 Month LIBOR + up to 5.677% p.a.	129	459	1,175	-	-	1,763	184	3,911	1,983	-	184	6,262
USD	USD SOFR QRT OB SHIFT -5BD + up to 5.367% p.a.	-	147	2,997	8,101	-	11,245	-	184	213	2,879	-	3,276
Total term borrowings		**4,351**	**7,790**	**23,889**	**21,270**	**7,488**	**64,788**	**5,255**	**7,846**	**25,070**	**17,233**	**8,535**	**63,939**

Included in the above are sukuk borrowings as at 31 December 2024 amounting to AED 13,654 million (31 December 2023: 13,331 million).

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

23. Term borrowings (continued)

During the year, the Group has issued various fixed and floating rate notes. The nominal value of the notes issued during the year is stated below:

	31 Dec 2024 AED million	31 Dec 2023 AED million
Fixed rate		
AED	-	1,316
CNH	444	-
EUR	46	-
USD	6,387	6,353
NZD	-	83
Floating rate		
USD	7,749	169
	14,626	**7,921**

The Group has hedged the interest rate and foreign currency exposure on term borrowings. The nominal value hedged as at 31 December 2024 is AED 58 billion (31 December 2023: AED 64 billion) and the risks being hedged have a net positive fair value of AED 6,599 million as at 31 December 2024 (31 December 2023: net positive fair value of AED 5,507 million). The Group has not had any defaults of principal, interest, or other breaches with respect to its term borrowings during the year ended 31 December 2024 and 31 December 2023.

24. Subordinated notes

Date of issue	Currency	Interest rate	Maturity date	31 Dec 2024 AED million	31 Dec 2023 AED million
10 December 2012	MYR	Fixed rate of 4.75% p.a.	9 December 2027	399	385
4 October 2023	USD	Fixed rate of 6.32% p.a. until 4 April 2029 and if not called, then from 4 April 2029 to the maturity date, the prevailing 5-Year US Treasury rate + 1.70% p.a.	4 April 2034	3,715	3,806
16 July 2024	USD	Fixed rate of 5.804% p.a. until 16 January 2030 and if not called, then from 16 January 2030 to the maturity date, the prevailing 5-Year US Treasury rate + 1.55% p.a.	16 January 2035	2,747	-
Total subordinated notes				**6,861**	**4,191**

The Bank has hedged the interest rate and foreign currency exposure on the subordinated notes. The Bank has not had any defaults of principal, interest, or other breaches with respect to its subordinated notes during the year ended 31 December 2024 and 31 December 2023.

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

25. Capital and reserves

Share capital

	31 Dec 2024 AED million	31 Dec 2023 AED million
Authorised share capital	11,048	11,048
Ordinary shares of AED 1 each	11,048	11,048
Treasury shares of AED 1 each[1]	-	7

[1]Refer note 27.

At the Annual General Meeting (AGM) held on 5 March 2024, the shareholders of the Bank approved a cash dividend of AED 0.71 per ordinary share amounting to AED 7,844 million (31 December 2022: cash dividend of AED 0.52 per ordinary share amounting to AED 5,745 million).

Statutory and special reserves

In accordance with the Bank's Articles of Association and as required by Article 241 of UAE Federal Decree Law No. (32) of 2021, a minimum of 10 % of the annual net profit should be transferred to both statutory and special reserve until each of these reserves equal to 50% of the paid-up share capital. The statutory and special reserve are not available for distribution to the shareholders. No transfers were made during the year because statutory and special reserve are equal to 50% of the paid-up share capital.

Dividends

	31 Dec 2024 AED million	31 Dec 2023 AED million
Dividend on ordinary shares paid during the year	7,822	5,720

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

25. Capital and reserves (continued)

Other reserves

	Fair value reserve AED million	General reserve AED million	Foreign currency translation reserve AED million	IFRS 9 reserve -specific AED million	IFRS 9 reserve – collective AED million	Total AED million
As at 1 January 2024	(1,185)	228	(2,925)	1,222	2,868	208
Other comprehensive loss for the year	(1,139)	-	(1,919)	-	-	(3,058)
Transfer during the year	-	50	-	-	-	50
IFRS 9 reserve movement[1]	-	-	-	(1,222)	-	(1,222)
Realised loss on sale of FVOCI investment	25	-	-	-	-	25
As at 31 December 2024	**(2,299)**	**278**	**(4,844)**	**-**	**2,868**	**(3,997)**
As at 1 January 2023	(2,270)	228	(2,176)	1,222	2,160	(836)
Other comprehensive income / (loss) for the year	1,065	-	(749)	-	-	316
IFRS 9 reserve movement	-	-	-	-	708	708
Realised loss on sale of FVOCI investment	20	-	-	-	-	20
As at 31 December 2023	**(1,185)**	**228**	**(2,925)**	**1,222**	**2,868**	**208**

[1]During the year, in accordance with the new Credit Risk Management Standards ("CRMS") issued by CBUAE, specific provision was appropriated to retained earnings.

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

25. Capital and reserves (continued)

Other reserves (continued)

(i) Fair value reserve
The fair value reserve comprises:

- the cumulative net change in the fair value of equity securities measured at FVOCI;
- the cumulative net change in the fair value of debt securities measured at FVOCI until the assets are derecognised or reclassified. This amount is increased by the amount of loss allowance; and
- cash flow hedge reserves.

	Revaluation reserve – instruments at FVOCI AED million	Hedging reserve – cash flow hedge AED million	Total AED million
As at 1 January 2024	(882)	(303)	(1,185)
Net unrealised fair value changes	(894)	(425)	(1,319)
Realised loss on sale of FVOCI instruments recycled through profit or loss	150	-	150
Realised loss on sale of FVOCI instruments recycled through equity	25	-	25
Impact of ECL	30	-	30
As at 31 December 2024	**(1,571)**	**(728)**	**(2,299)**
As at 1 January 2023	(1,511)	(759)	(2,270)
Net unrealised fair value changes	447	456	903
Realised loss on sale of FVOCI instruments recycled through profit or loss	128	-	128
Realised loss on sale of FVOCI instruments recycled through equity	20	-	20
Impact of ECL	34	-	34
As at 31 December 2023	**(882)**	**(303)**	**(1,185)**

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions. During the year, there has been no significant transfer from cash flow hedge reserve to profit or loss.

(ii) General reserve
The general reserve is available for distribution to the shareholders at the recommendation of the Board of Directors.

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

25 Capital and reserves (continued)

Other reserves (continued)

(iii) Foreign currency translation reserve ("FCTR")
FCTR represents the exchange differences arising from translation of the net investment in foreign operations.

(iv) IFRS 9 reserve
As per the new Credit Risk Management Standards ("CRMS") issued by CBUAE, Banks must ensure that the total provision corresponding to all Stage 1 and Stage 2 exposures is not less than 1.5% of the Credit Risk weighted assets as computed under the CBUAE capital regulations. Where the collective provisions held are lower, the shortfall may be held in a dedicated non distributable balance sheet reserve called the 'impairment reserve-general'. The amount held in the impairment reserve-general must be deducted from the capital base (Tier 1 capital for Banks) when computing the regulatory capital.

During the year ended 31 December 2024, total provision corresponding to all Stage 1 and Stage 2 exposures is not less than 1.5% of the Credit Risk weighted assets as computed under the CBUAE capital regulations.

	31 Dec 2024 AED million	31 Dec 2023 AED million
Non distributable impairment reserve – General		
Minimum provision for Stage 1 &2 as per CBUAE requirements	8,360	7,697
Less: Stage 1 and 2 impairment provision taken against income	(5,539)	(4,829)
Excess/(Shortfall) in stage 1 & 2 provision to meet minimum CBUAE requirements	**2,821**	**2,868**
Balance of impairment reserve - general as at January 1, 2024	2,868	2,160
Add: Non-distributable reserve during the year (Impairment reserve-general)	-	708
Balance of impairment reserve - general as at December 31, 2024	**2,868**	**2,868**

The calculation process, the methodology and the results for provisions have been reviewed and approved by the Group Risk Committee("GRC") responsible for the oversight of provisions. Accordingly, the GRC has formally reviewed as presented by the Chief Risk Officer ("CRO") the calculation process, the methodology and results of the provision. Therefore, the provisions have been presented and approved by the Board or delegated body of the Board, as per Article 9 (Standards) of the Credit Risk Management Regulation and accompanying Standards, Circular No. 3/2024 dated 25/7/2024.

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

26. Tier 1 capital notes

Issuance	Currency	Interest rate	31 Dec 2024 AED million	31 Dec 2023 AED million
Government of Abu Dhabi Tier 1 capital notes	AED	Floating interest of 6-month EIBOR plus 2.3% p.a.	8,000	8,000
USD 750 million Tier 1 capital notes	USD	Fixed rate of 4.50% p.a., thereafter, reset on the first date and every sixth anniversary; thereafter on the basis of the aggregate of the margin and the relevant six year reset on the relevant U.S. Securities determination date	2,755	2,755
Total Tier 1 capital notes			**10,755**	**10,755**

Tier 1 capital notes are perpetual, subordinated, unsecured and carry coupons to be paid semi-annually in arrears. The Bank may elect not to pay a coupon at its own discretion. The note holder does not have a right to claim the coupon and an election by the Bank not to service coupon is not considered an event of default. In addition, there are certain circumstances under which the Bank is prohibited from making a coupon payment on a relevant coupon payment date.

If the Bank makes a non payment election or a non payment event occurs, then the Bank will not (a) declare or pay any distribution or dividend or (b) redeem, purchase, cancel, reduce or otherwise acquire any of the share capital or any securities of the Bank ranking pari passu with or junior to the notes except securities, the term of which stipulate a mandatory redemption or conversion into equity, in each case unless or until two consecutive coupon payments have been paid in full. During the year, the coupon payment election was made by the Bank amounting to AED 743 million (31 December 2023: AED 653 million).

27. Share based payment
The Group had introduced in 2008 a share based payment scheme (the "Scheme") for selected employees which would vest over three years and can be exercised within the next three years after the vesting period. The key vesting condition is that the option holder is in continued employment with the Bank until the end of the vesting period. The options lapse six years after their date of grant irrespective of whether they are exercised or not.

The Group established a subsidiary to issue shares when the vested option is exercised by the employee. These shares are treated as treasury shares until exercised by the option holders.

During the year, outstanding treasury shares were liquidated, and the gain have been presented in the consolidated statement of changes in equity.

Notes to the consolidated financial statements

For the year ended 31 December 2024

28.Interest income

	31 Dec 2024 AED million	31 Dec 2023 AED million
Interest from:		
Central banks	13,320	14,348
Banks and financial institutions	1,487	1,159
Reverse repurchase agreements	3,770	3,541
Loans and advances (excluding Islamic financing)	30,958	28,040
Non trading investment securities	10,039	8,760
Total interest income	**59,574**	**55,848**

[1] Refer note 51 for changes to comparative figures.

29. Interest expense

	31 Dec 2024 AED million	31 Dec 2023 AED million
Interest to:		
Banks and financial institutions	2,946	3,262
Repurchase agreements	1,623	1,674
Commercial paper	1,020	1,013
Customer accounts and other deposits (excluding Islamic customers' deposits)	32,074	29,558
Term borrowings	3,942	3,704
Subordinated notes	495	102
Total interest expense	**42,100**	**39,313**

[1] Refer note 51 for changes to comparative figures.

30. Income from Islamic financing and investing products

	31 Dec 2024 AED million	31 Dec 2023 AED million
Murabaha	2,173	1,703
Ijara	824	766
Sukuk investments	410	390
Others	67	52
Total income from Islamic financing and investing products	**3,474**	**2,910**

Notes to the consolidated financial statements

For the year ended 31 December 2024

31. Distribution on Islamic customers' deposits

	31 Dec 2024 AED million	31 Dec 2023 AED million
Wakala deposits	409	375
Mudaraba saving and term deposits	247	175
Islamic sukuk notes	662	745
Others	18	10
Total distribution on Islamic customers' deposits	**1,336**	**1,306**

The Group maintains an investment risk reserve of AED 39 million (2023: AED 22 million) which represents a portion of the depositors' share of profits set aside as a reserve.

32. Net fee and commission income

	31 Dec 2024 AED million	31 Dec 2023 AED million
Fee and commission income:		
Retail and corporate lending	2,132	1,758
Cards and e-services	1,299	761
Trade finance	1,046	892
Commission on transfers	219	168
Asset management and investment services	156	104
Brokerage income	110	121
Accounts related services	71	82
Collection services	56	47
Others	431	350
Total fee and commission income	**5,520**	**4,283**
Fee and commission expense:		
Credit card charges	919	693
Consumer and corporate lending	335	291
Brokerage commission	68	56
Trade finance	58	13
Others	382	223
Total fee and commission expense	**1,762**	**1,275**
Net fee and commission income	**3,758**	**3,008**

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

33. Net foreign exchange gain

	31 Dec 2024 AED million	31 Dec 2023 AED million
Trading and retranslation gain on foreign exchange and related derivatives[1]	193	1,346
Dealings with customers	1,639	1,251
Total net foreign exchange gain	**1,832**	**2,597**

[1]Due to effective hedging strategies, the offsetting impact of hedging instruments is reflected in the net gain on investments and derivatives (note 34).

34. Net gain on investments and derivatives

	31 Dec 2024 AED million	31 Dec 2023 AED million
Net realised and unrealised gain on investments at fair value through profit or loss and derivatives	5,523	3,730
Net loss from sale of non trading investment securities	(150)	(128)
Dividend and other income	26	102
Total net gain on investments and derivatives	**5,399**	**3,704**

35. Other operating income

	31 Dec 2024 AED million	31 Dec 2023 AED million
Leasing related income	151	109
Other income	873	(86)
Total other operating income	**1,024**	**23**

36. Gain on disposal of stake in subsidiary and fair value gain on retained interest

On 9 September 2023, FAB and Aldar properties signed an agreement for the sale of FAB's wholly owned subsidiary, FAB Properties LLC. As per the terms of the agreement. FAB PJSC concluded the sale of 100% of its wholly owned subsidiary, FAB Properties LLC, to Provis Real Estate Management LLC and the share transfer has taken effect and been reflected in the trade license of FAB Properties LLC on 27 December 2023. Accordingly, FAB properties LLC has been deconsolidated from the consolidated financial statements of FAB PJSC for the year ended 31 December 2023.

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

37. General, administration and other operating expenses

	31 Dec 2024 AED million	31 Dec 2023 AED million
Staff costs	4,032	3,570
Information technology expenses	1,125	1,013
Depreciation	863	743
Professional fees	549	583
Amortisation of intangibles	224	238
Communication expenses	219	209
Premises expenses	211	195
Publicity and advertisement	137	111
Sponsorships and donations	93	105
Other general and administration expenses	334	358
Total general, administration and other operating expenses	**7,787**	**7,125**

Auditor's remuneration

	31 Dec 2024 AED million	31 Dec 2023 AED million
Audit services	12	12
Audit related services	10	8
Non-audit services	1	5
Total auditor's remuneration	**23**	**25**

Audit services
Audit services can be defined as services rendered by the Group's statutory auditor for the audit and review of the financial statements or services that are normally provided by the statutory auditor in connection with statutory and regulatory filings.

Audit related services
Audit related services are services other than 'audit services' for which the auditor of the entity is an appropriate provider particularly where those services are required by a law or regulation relating to the jurisdiction and activities of the subject entity.

Non-audit services
Non-audit services are services which do not fall in the above two segments of service and are also not part of prohibited services.

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

38. Net impairment charge

	31 Dec 2024 AED million	31 Dec 2023 AED million
Impairment charge on loans, advances and Islamic financing	4,430	3,039
other financial assets	(3)	36
unfunded exposures	42	242
other non financial instruments	-	2
Recoveries	(726)	(507)
Write off of impaired financial assets	181	266
Total net impairment charge	**3,924**	**3,078**

39. Income tax expense

In addition to adjustments relating to deferred taxation, the charge for the year is calculated based upon the adjusted net profit for the year at rates of tax applicable in respective overseas locations. The charge to the consolidated statement of profit or loss for the year is as follows:

	31 Dec 2024 AED million	31 Dec 2023 AED million
Charge for the year	2,818	1,042

Reconciliation of Group's tax on profit based on accounting and profit as per the tax laws is as follows:

	31 Dec 2024 AED million	31 Dec 2023 AED million
Profit before taxation	**19,914**	**17,552**
Effect of tax rates	2,287	570
Tax effects of:		
- Income not subject to tax	(105)	(3)
- Expenses not deductible for tax purposes	154	72
- Movement in unrecognised deferred tax	(11)	2
- Prior year adjustments	12	(35)
- Withholding tax deducted at source	466	432
- Mandatory remittance tax	1	4
- Others	14	-
Total income tax expense	**2,818**	**1,042**

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

40. Cash and cash equivalents

	31 Dec 2024 AED million	31 Dec 2023 AED million
Cash and balances with central banks	214,548	233,555
Due from banks and financial institutions	23,774	25,324
	238,322	**258,879**
Less: balances with central banks maturing after three months of placement	(690)	(559)
Less: due from banks and financial institutions maturing after three months of placement	(908)	(335)
Less: restricted deposits with central banks for regulatory purposes	(896)	(787)
Total cash and cash equivalents	**235,828**	**257,198**

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of three months or less from the date of its acquisition.

41. Leases

The Group leases a number of branch and office premises. The leases typically run for a period of 10 years, with an option to renew the lease after that date. For some leases, payments are renegotiated every five years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

The Group also leases IT equipment with contract terms of one to three years. These leases are short term and/or leases of low value items. The Group has elected not to recognise right of use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below:

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

41. Leases (continued)

Leases as lessee

Right of use assets

The movement during the year of right of use is as follows:

Right of use assets	31 Dec 2024 AED million	31 Dec 2023 AED million
Balance as at the beginning of year	158	197
Increase/(decrease) during the year	76	(13)
Depreciation and other adjustments	(6)	(26)
Balance as at the end of year	**228**	**158**

Lease liabilities	31 Dec 2024 AED million	31 Dec 2023 AED million
Maturity analysis – contractual undiscounted cash flows		
Less than one year	109	141
One to five years	118	176
More than five years	43	5
Total undiscounted lease liabilities at the end of year	**270**	**322**

Amounts recognised in profit or loss	31 Dec 2024 AED million	31 Dec 2023 AED million
Interest on lease liabilities	13	13
Depreciation charge for the year	74	71
Expenses relating to short term leases and low value assets	64	51
Total amounts recognised in profit or loss	**151**	**135**

42. Commitments and contingencies

The Group, in the ordinary course of business, enters into various types of transactions that involve undertaking certain commitments such as letters of credit, guarantees and undrawn loan commitments.

There were no other significant changes in contingent liabilities and commitments during the year other than those arising out of normal course of business.

	31 Dec 2024 AED million	31 Dec 2023 AED million
Letter of credit	39,752	48,151
Guarantees	138,198	117,118
Trade contingencies	**177,950**	**165,269**
Undrawn commitment to extend credit	78,962	77,843
Commitments for future capital expenditure	1,622	1,593
Commitments for future private equity investments	2,181	1,807
Total commitments	**82,765**	**81,243**
Total commitments and contingencies	**260,715**	**246,512**

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

42. Commitments and contingencies (continued)

Credit risk characteristics of these unfunded facilities closely resemble the funded facilities as described in note 50(a).

Letter of credit and guarantees ("Trade contingencies") commit the Group to make payments on behalf of customers' contingent upon the production of documents or the failure of the customer to perform under the terms of the contract.

Commitments to extend credit represent contractual commitments to extend loans, advances and Islamic financing and revolving credits. Commitments generally have fixed expiration dates or other termination clauses and may require a payment of a fee. Since commitments may expire without being drawn upon, the total contracted amounts do not necessarily represent future cash requirements.

	Undrawn loan commitments		Trade contingencies	
Concentration by location	31 Dec 2024 AED million	31 Dec 2023 AED million	31 Dec 2024 AED million	31 Dec 2023 AED million
UAE	53,022	46,493	122,636	114,215
Europe	9,602	11,763	14,338	15,038
Arab countries	4,208	7,465	17,086	13,919
Americas	6,057	3,546	9,153	10,234
Asia	2,831	4,039	13,975	11,527
Others	3,242	4,537	762	336
Total concentration	**78,962**	**77,843**	**177,950**	**165,269**

Concentration by location is based on the residential status of the customers.

43. Derivative financial instruments

In the ordinary course of business the Group enters into various types of transactions that involve derivative financial instruments. Derivatives are financial instruments that derive their value from the price of underlying items such as equities, bonds, interest rates, foreign exchange, credit spreads, commodities and equity or other indices. Derivatives enable Group to increase, reduce or alter exposure to specific risks such as interest or credit.

Group primarily uses the following derivative instruments for trading and risk management purposes.

Forwards and futures

Forward and futures contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over–the–counter market. Futures contracts, including commodity futures, are transacted at standardised amounts on regulated exchanges and are subject to daily cash margin requirements.

Currency forwards represent commitments to purchase foreign and/or domestic currencies, including non deliverable spot transactions (i.e. the transaction is net settled). Forward rate agreements are individually negotiated interest rate futures that call for a cash settlement at a future date for the difference between a contracted rate of interest and the current market rate, based on a notional principal amount.

Foreign currency and interest rate futures are contractual obligations to receive or pay a net amount based on changes in currency rates or interest rates, or to buy or sell foreign currency or a financial instrument on a future date at a specified price, established in an organised financial market. The credit risk for futures contracts is negligible, as they are collateralised by cash or marketable securities, and changes in the futures' contract value are settled daily with the exchange.

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

43. Derivative financial instruments (continued)

Swaps
Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in a specified underlying index such as an interest rate, foreign currency rate or equity index.

Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of cashflows arising out of currencies or interest rates (for example, fixed rate for floating rate) or a combination of all these (i.e., cross-currency interest rate swaps). No exchange of principal takes place, except for certain cross currency swaps.

Credit default swaps are contractual agreements between two parties to make payments with respect to defined credit events, based on specified notional amounts. The Bank purchases credit default swaps in order to mitigate the risk of default by the counterparty on the underlying security referenced by the swap.

The Group's credit risk represents the potential loss if counterparties fail to fulfil their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, notional amount of the contracts and the liquidity of the market.

Options
Options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of risk. Options may be either exchange-traded or negotiated between the Group and a customer over the counter ("OTC").

Exchange traded derivatives are measured at fair value by reference to published price quoted in the market. Where derivatives are exchanged OTC, fair value is derived from prices for the derivative's components using appropriate pricing or valuation models or valuation techniques such as discounted cash flows. Please refer to section 49(d) for further details on valuation techniques.

The table below shows the positive and negative fair values of derivative financial instruments, which are equivalent to their fair values, together with the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year end and are neither indicative of the market risk nor credit risk.

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

43. Derivative financial instruments (continued)
Options (continued)

31 December 2024	Positive market value	Negative market value	Notional amount	Notional amounts by term to maturity: Less than three months	From three months to one year	From one year to three years	From three years to five years	Over five years
	AED million	AED million	AED million	AED million	AED million	AED million	AED million	AED million
Held for trading:								
Interest rate derivatives								
Swaps	33,570	33,528	1,704,727	155,546	280,868	428,415	367,900	471,998
Forwards & Futures	18	20	82,770	45,623	14,722	22,333	92	-
Options & Swaptions	200	341	49,447	1,611	3,741	20,084	18,952	5,059
Foreign exchange derivatives								
Forwards	4,027	4,137	468,399	285,867	146,550	27,006	8,955	21
Options	128	91	21,441	11,368	8,080	1,677	316	-
Other derivatives contracts	**1,715**	**3,345**	**93,930**	**9,564**	**36,192**	**32,781**	**13,943**	**1,450**
	39,658	**41,462**	**2,420,714**	**509,579**	**490,153**	**532,296**	**410,158**	**478,528**
Held as fair value hedges:								
Interest rate derivatives								
Swaps	5,326	11,793	505,907	205,815	93,390	77,668	64,545	64,489
	5,326	**11,793**	**505,907**	**205,815**	**93,390**	**77,668**	**64,545**	**64,489**
Held as cash flow hedges:								
Interest rate derivatives								
Swaps	864	503	50,027	-	4,224	31,081	12,051	2,671
Foreign exchange derivatives								
Forwards	45	-	3,099	3,099	-	-	-	-
	909	**503**	**53,126**	**3,099**	**4,224**	**31,081**	**12,051**	**2,671**
Total	**45,893**	**53,758**	**2,979,747**	**718,493**	**587,767**	**641,045**	**486,754**	**545,688**

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

43. Derivative financial instruments (continued)
Options (continued)

31 December 2023	Positive market value AED million	Negative market value AED million	Notional amount AED million	Notional amounts by term to maturity: Less than three months AED million	From three months to one year AED million	From one year to three years AED million	From three years to five years AED million	Over five years AED million
Held for trading:								
Interest rate derivatives								
Swaps	34,908	34,761	1,604,622	227,818	225,016	442,558	252,049	457,181
Forwards & Futures	31	24	19,310	14,913	4,397	-	-	-
Options & Swaptions	287	507	83,962	2,008	37,158	13,536	25,390	5,870
Foreign exchange derivatives								
Forwards	2,895	2,632	400,549	259,409	117,299	17,856	5,967	18
Options	74	53	14,603	7,404	5,665	1,199	335	-
Other derivatives contracts	1,956	2,370	85,430	16,091	12,747	34,976	19,338	2,278
	40,151	40,347	2,208,476	527,643	402,282	510,125	303,079	465,347
Held as fair value hedges:								
Interest rate derivatives								
Swaps	5,904	10,099	375,802	51,681	146,868	58,525	64,668	54,060
	5,904	10,099	375,802	51,681	146,868	58,525	64,668	54,060
Held as cash flow hedges:								
Interest rate derivatives								
Swaps	366	532	34,329	-	9,183	20,679	4,367	100
Foreign exchange derivatives								
Forwards	-	24	4,195	4,195	-	-	-	-
	366	556	38,524	4,195	9,183	20,679	4,367	100
Total	46,421	51,002	2,622,802	583,519	558,333	589,329	372,114	519,507

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

43. Derivative financial instruments (continued)
The positive / negative fair value in respect of derivatives represents the gain/loss respectively, arising on fair valuation of the trading and hedging instrument and are not indicative of any current or future losses. Furthermore, positive / negative amount has been adjusted to the carrying value of the hedged loans, advances and Islamic financing, non trading investment securities, term borrowings and subordinated notes where hedge accounting has been applied.

Where collateral agreements are in place against certain counterparties, and in order to mitigate any credit exposure, FAB would receive collateral. As at 31 December 2024, the Group received cash collateral of AED 12,395 million (31 December 2023: AED 13,844 million) against positive fair value of derivative assets from certain counterparties. Correspondingly, the Group placed cash collateral of AED 14,494 million (31 December 2023: AED 16,199 million) against the negative fair value of derivative liabilities.

Derivatives held for trading purposes
The Group uses derivatives, not designated in a qualifying hedge relationship, to manage its exposure to foreign currency, interest rate and credit risks or initiates positions with the expectation of profiting from favourable movement in prices, rates or indices. The instruments used mainly include interest rate and currency swaps and forward contracts. The fair values of those derivatives are shown in the table above.

Derivatives held for hedging purposes

Derivatives held as fair value hedge
The Group uses derivative financial instruments for economic hedging purposes as part of its asset and liability management strategy by taking offsetting positions in order to reduce its own exposure to fluctuations in exchange and interest rates. The Group uses interest rate swaps to hedge against the changes in fair value arising from specifically identified interest bearing assets such as loans, advances and Islamic financing, non trading investment securities, term borrowings and subordinate notes. The Group uses forward foreign exchange contracts and currency swaps to hedge against specifically identified currency risks.

Derivatives held as cash flow hedge
The Group uses forward contracts to hedge the foreign currency risk arising from its financial instruments. The Group has substantially matched the critical terms of the derivatives to have an effective hedge relationship.

44. Segmental information
The operating structure consists of six key Business segments across Geographic segments that are driving the business strategy, customer value propositions, products and channel development and customer relationships in addition to supporting the delivery of the Group's financial performance.

Operating segments are identified on the basis of internal reports about the components of the Group that are regularly reviewed by the Group's CEO (the Group's chief operating decision maker) in order to allocate resources to the segment and to assess its performance. Information reported to the Group's CEO for the purpose of resource allocation and assessment of performance is based on following strategic business units offering products and services to different markets.

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

44. Segmental information (continued)

Business segments

Investment banking ("IB")
IB offers banking and financing solutions, including corporate & Islamic finance, capital markets, transaction banking, trade, liquidity and cash management services along with a broad range of risk management solutions across credit, rates, FX and money market products. Focused on Institutional clients, the IB team enhances product delivery and specialization across various customer sectors which includes Government, Sovereign & Public Sector, Sovereign Wealth Fund & Financial Sponsors, Natural Resources, Global Diversified Industrials, Financial Institutions Group & Global Subsidiaries.

Corporate & commercial banking ("CCB")
CCB focuses on large corporates, medium and small entities with diversified products offering across sub segments which includes Corporate Banking, Contracting, Commercial Banking and Privileged Client Group.

Global markets - trading ("GM-trading")
GM-trading encompasses trading, market-making, risk management and investment management activities across Linear products (FX, Rates, Credit and Securities financing), Structured Products, Commodities, and Investments. Global Markets Trading delivers best in class trading & risk management solutions, providing our clients access to a broad range of financial products. Global Markets sales income which are pertaining to customers are reflected in the respective underlying business segment managing the client relationship.

Consumer banking ("CB")
The business targets consumer & elite segment across conventional and Islamic sector. The products' ranges offered include everyday banking products such as current accounts, deposits, credit cards, loans, wealth products etc. The business furnishes variety of distribution and sales channels, including mobile and internet banking, branches, direct sales agents and through its banking subsidiaries namely First Abu Dhabi Islamic Finance.

Private banking ("PB")
The business targets affluent and high net-worth customers across conventional and Islamic sector. The products' ranges offered include everyday banking products plus sophisticated investment solutions, brokerage and securities services. The business furnishes variety of distribution and sales channels, including mobile and internet banking, branches, relationship managers and through its banking subsidiaries namely FAB Securities.

Head office ("HO")
The Group provides centralized human resources, information technology, operations, finance, strategy, investor relations, risk management, credit management, corporate communications, legal & compliance, internal audit, procurement, treasury operations and administrative support to all of its business units. As part of the Group's diversified business model, HO also includes share of results of associates and certain subsidiaries partially or fully owned by the Group, providing banking services and other complementary offerings across real estate and property management services. These include FAB Misr, First Gulf Libya, Mismak, FAB Properties, Abu Dhabi National Properties and certain other portfolios.

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

44. Segmental information (continued)

Geographic segments

The Group is managing its various business segments through a network of branches, subsidiaries and representative offices within the two defined geographic segments which are UAE and International. Balance sheet and income statement information presented within this section is principally the location from which a client relationship exists and is managed, which may differ from where it is financially booked.

	Business Segments							Geographic Segments		
	Investment Banking AED million	Corporate and Commercial Banking AED million	Global Markets-trading AED million	Private Banking AED million	Consumer Banking AED million	Head Office AED million	Total AED million	UAE AED million	International AED million	Total AED million
For the year ended 31 December 2024										
Net interest income and income from Islamic financing and investing products	7,974	5,502	297	997	3,298	1,544	19,612	15,610	4,002	19,612
Net non interest income	2,899	1,746	2,792	349	1,185	3,042	12,013	8,862	3,151	12,013
Operating income	**10,873**	**7,248**	**3,089**	**1,346**	**4,483**	**4,586**	**31,625**	**24,472**	**7,153**	**31,625**
General, administration and other operating expenses	1,705	1,013	414	537	2,499	1,619	7,787	5,776	2,011	7,787
Net impairment charge	(163)	2,089	70	19	875	1,034	3,924	3,591	333	3,924
Profit before taxation	**9,331**	**4,146**	**2,605**	**790**	**1,109**	**1,933**	**19,914**	**15,105**	**4,809**	**19,914**
As at 31 December 2024										
Segment total assets	315,598	171,620	242,105	28,987	69,015	532,578	1,359,903	981,707	317,860	1,299,567
Inter segment balances							(146,656)			(86,320)
Total assets							**1,213,247**			**1,213,247**
Segment total liabilities	433,666	168,307	225,044	35,399	79,630	286,982	1,229,028	888,901	279,791	1,168,692
Inter segment balances							(146,656)			(86,320)
Total liabilities							**1,082,372**			**1,082,372**

Notes to the consolidated financial statements
For the year ended 31 December 2024
44. Segmental information (continued)

	Business Segments							Geographic Segments		
	Investment Banking AED million	Corporate and Commercial Banking AED million	Global Markets-trading AED million	Private Banking AED million	Consumer Banking AED million	Head Office AED million	Total AED million	UAE AED million	International AED million	Total AED million
For the year ended 31 December 2023										
Net interest income and income from Islamic financing and investing products	6,715	5,589	614	856	3,043	1,322	18,139	15,324	2,815	18,139
Net non interest income	2,387	1,319	1,852	309	763	2,702	9,332	6,743	2,589	9,332
Operating income	9,102	6,908	2,466	1,165	3,806	4,024	27,471	22,067	5,404	27,471
Gain on disposal of stake in subsidiary and fair value gain on retained interest	-	-	-	-	-	284	284	284	-	284
Total Income including gain on disposal of stake in subsidiary and fair value gain on retained interest	9,102	6,908	2,466	1,165	3,806	4,308	27,755	22,351	5,404	27,755
General, administration and other operating expenses	1,510	870	386	506	2,243	1,610	7,125	5,394	1,731	7,125
Net impairment charge	531	1,289	27	12	778	441	3,078	2,016	1,062	3,078
Profit before taxation	7,061	4,749	2,053	647	785	2,257	17,552	14,941	2,611	17,552
As at 31 December 2023										
Segment total assets	276,182	159,918	224,779	30,912	60,455	525,173	1,277,419	969,349	343,849	1,313,198
Inter segment balances							(108,786)			(144,565)
Total assets							1,168,633			1,168,633
Segment total liabilities	433,660	160,336	207,039	33,517	66,020	251,424	1,151,996	872,815	314,960	1,187,775
Inter segment balances							(108,786)			(144,565)
Total liabilities							1,043,210			1,043,210

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

45. Earnings per share
Earnings per share is calculated by dividing the net profit for the year after deduction of Interest on Tier 1 capital notes payment by the weighted average number of ordinary shares in issue during the year as set out below:

	31 Dec 2024	31 Dec 2023
Basic and diluted earnings per share:		
Net profit for the year (AED million)	17,055	16,405
Less: payment on Tier 1 capital notes (AED million)	(743)	(653)
Net profit after payment of Tier 1 capital notes (AED million)	**16,312**	**15,752**
Weighted average number of ordinary shares:		
Weighted average number of ordinary shares (million)	11,041	11,041
Basic earnings per share (AED)	**1.48**	**1.43**

	31 Dec 2024	31 Dec 2023
Diluted earnings per share:		
Net profit for the year for calculating diluted earnings per share (AED million)	16,312	15,752
Weighted average number of ordinary shares in issue for diluted earnings per share (million)	11,041	11,041
Diluted earnings per share (AED)	**1.48**	**1.43**

46. Related parties
Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Related parties comprise major shareholders, Board of Directors and key management personnel of the Group. Key management personnel comprise those executive committee members ("EXCO") of the Group who are involved in the strategic planning and decision making of the Group. The terms of these transactions are approved by the Group's management and are made on terms agreed by the Board of Directors or management.

The Group operates in a market dominated by entities directly or indirectly controlled by the Government of Abu Dhabi through its government authorities, agencies, affiliations and other organizations, collectively referred to as government related entities. The Group has transactions with other government related entities and these transactions are conducted in the ordinary course of its business on terms agreed by the Board.

Details of Board of Directors remuneration and key management personnel remuneration is as follows:

	31 Dec 2024 AED million	31 Dec 2023 AED million
Board of Directors' remuneration paid during the year	45	45
Short term benefits	73	64
Long term benefits	4	5

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

46. Related parties (continued)

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

	Board of Directors AED million	Major shareholders AED million	Senior management AED million	Associates AED million	Total AED million
As of 31 December 2024					
Financial assets					
Investments at fair value through profit or loss	-	81	-	-	81
Reverse purchase agreements	-	347	-	-	347
Derivative financial instruments	-	17	-	-	17
Loans, advances and Islamic financing	2,652	32,218	145	1,042	36,057
Non trading investment securities	-	3,515	-	-	3,515
Other assets	21	433	7	-	461
Financial liabilities					
Derivative financial instruments	-	267	-	4	271
Customer accounts and other deposits	9,736	19,232	61	636	29,665
Other liabilities	197	191	1	-	389
Contingent liabilities					
Derivatives	-	10,218	-	750	10,968
Letter of credit	-	433	-	-	433
Guarantees	181	2,058	-	-	2,239
For the year ended 31 December 2024					
Interest income	130	1,894	6	59	2,089
Interest expense	429	537	1	104	1,071
Fee and commission income	9	159	-	44	212
Fee and commission expense	-	-	-	126	126
Net gain on investments and derivatives	-	121	-	(105)	16

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

46. Related parties (continued)

	Board of Directors AED million	Major shareholders AED million	Senior management AED million	Associates AED million	Total AED million
As of 31 December 2023					
Financial assets					
Investments at fair value through profit or loss	-	61	-	-	61
Reverse purchase agreements	-	539	-	-	539
Derivative financial instruments	-	52	-	-	52
Loans, advances and Islamic financing	2,846	30,983	106	862	34,797
Non trading investment securities	-	3,788	-	-	3,788
Other assets	27	568	3	1	599
Financial liabilities					
Derivative financial instruments	-	224	-	-	224
Customer accounts and other deposits	13,038	8,649	47	825	22,559
Other liabilities	194	44	1	-	239
Contingent liabilities					
Derivatives	-	8,287	-	-	8,287
Letter of credit	-	352	-	-	352
Guarantees	29	1,073	-	1	1,103
For the year ended 31 December 2023					
Interest income	153	1,712	3	42	1,910
Interest expense	257	635	1	97	990
Fee and commission income	3	61	-	16	80
Fee and commission expense				132	132
Net gain on investments and derivatives	-	93	-	35	128

As at 31 December 2024, the ECL allowance held against related party balances amounted to AED 33 million (31 December 2023: AED 34 million).

47. Fiduciary activities

The Group held assets under management in trust or in a fiduciary capacity for its customers at 31 December 2024 amounting to AED 39,889 million (31 December 2023: AED 13,827 million). Furthermore, the Group provides custodian services for some of its customers.

The underlying assets held in a custodial or fiduciary capacity are excluded from these consolidated financial statements of the Group.

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

48. Special purpose entity
The Group has created a Special purpose entity (SPE) with defined objectives to carry on fund management and investment activities on behalf of customers. The equity and investments managed by the SPE are not controlled by the Group and the Group does not obtain benefits from the SPE operations, apart from commissions and fee income. In addition, the Group does not provide any guarantees or assume any liabilities of these entities. Consequently, the SPE assets, liabilities and results of operations are not included in these consolidated financial statements of the Group. The SPE is as follows:

Legal Name	Activities	Country of incorporation	As at 31 Dec 2024	As at 31 Dec 2023
One share PLC	Investment Company	Republic of Ireland	100%	100%

49. Fair value measurement
(a) Valuation framework
The Group has an established control framework for the measurement of fair values. Several control functions support this framework (Valuation Control within Finance and Market Risk Analytics within Risk functions) that are independent of Front Office. Significant valuation issues are reported to the Group Valuation Committee operating under the Board Risk and ESG Committee.

Specific controls include:

- Independent verification of market data and model parameters used in the valuation process and valuation adjustments are applied when significant deviations are observed;
- Review of significant unobservable and stale inputs and significant changes to the fair value measurement of Level 3 instruments;
- Validation and approval process for new models and frequent review of existing models or when changes are performed;
- Profit or loss attribution analysis process for changes in fair value.
- Calibration against observed market transactions.

When third party information, such as broker quotes or pricing services is used to measure fair value, Valuation Control assesses and documents the evidence obtained from the third parties to support the conclusion that the valuations meet the requirements of IFRS Accounting Standards. This includes:

- Verifying that the broker or pricing service is approved by the Group for use in pricing the relevant type of financial instrument;
- Understanding how the fair value has been arrived at, the extent to which it represents actual market transactions and whether it represents a quoted price in an active market for an identical instrument;
- When prices for similar instruments are used to measure fair value, understanding how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- If a number of quotes for the same financial instrument have been obtained, then understanding how fair value has been determined using those quotes.

Significant valuation issues are reported to the Group Valuation Committee.

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

49. Fair value measurement (continued)
(b) Fair value adjustments
The Group applies the following fair value adjustments to its base valuation procedures to better reflect the individual characteristics of trades that market participants would consider when trading in or setting specific prices for these instruments.

Exit risk adjustments:
These reflect the bid-offer costs that would be incurred if substantially all residual net portfolio market risks were closed using available hedging instruments or by disposing of or unwinding the position. Bid-offer levels are generally derived from market quotes such as broker data. Less liquid instruments may not have a directly observable bid-offer level. In such instances, an exit price adjustment may be derived from an observable bid-offer level for a comparable liquid instrument, or determined by calibrating to derivative prices, or by scenario or historical analysis.

Credit risk adjustments
The credit valuation adjustment ('CVA') is an adjustment to the valuation of over the counter ('OTC') derivative contracts to reflect the possibility that the counterparty may default and that the Group may not receive the full market value of the transactions. The debt valuation adjustment ('DVA') is an adjustment to the valuation of OTC derivative contracts to reflect the possibility that the Group may default, and that it may not pay the full market value of the transactions.

These adjustments are calculated for both uncollateralised and collateralised derivatives across all asset classes. CVA and DVA are calculated using estimates of expected positive and negative exposures respectively, probability of default and recovery rates, at a counterparty level. Counterparties include (but are not limited to) financial institutions, corporates, sovereigns and sovereign agencies and supranationals. Expected exposure is generally estimated through the simulation of underlying risk factors through Monte Carlo simulation techniques.

Probability of default and recovery rate information is generally sourced from the CDS markets. Where this information is not available, or considered unreliable, alternative approaches are taken based on mapping the counterparty to a sector curve based on the rating, the region and the industry sector.

Model related adjustments
These are applied when either model inputs are overly simplified, the model has limitations deriving the fair value of a position or there is no market wide consensus on the choice of a model. These adjustments are required to correct existing model weaknesses or deficiencies that were highlighted during the model validation process.

The models applied by the Bank may not always capture all characteristics of the market at a point in time as they cannot be recalibrated at the same pace as new market conditions. Such interim adjustments are reflected in the model uncertainty adjustments until the base models are updated.

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

49. Fair value measurement (continued)

(c) Valuation inputs
The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable 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 in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable, 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 for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Model inputs and parameters are based on and calibrated to market observable prices, including broker quotes, current or recent transaction prices and market consensus, where available. In absence of market observable prices, empirical data and/or judgement may be required in model calibration process, which is inherently subjective and can yield range of possible inputs and estimates of fair value. Management uses prudent judgement to select the most appropriate point in the range.

(d) Valuation techniques
Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Group uses widely recognised valuation models to determine the fair value of common and simple financial instruments, such as interest rate and currency swaps, that use only observable market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives, and simple OTC derivatives such as interest rate swaps. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and reduces the uncertainty associated with determining fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

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

49. Fair value measurement (continued)

(d) Valuation techniques (continued)
For more complex instruments, the Group uses proprietary valuation models, which are usually developed from recognised valuation models. Some or all the significant inputs into these models may not be observable in the market and may be derived from market prices or rates or estimated based on assumptions. Examples of instruments involving significant unobservable inputs include certain OTC structured derivatives for which there is no active market. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments, determination of expected volatilities and correlations and selection of appropriate discount rates. In cases where inputs are deemed unobservable, additional provision may be required to cater for the higher valuation uncertainty.

Fair value estimates obtained from models are adjusted if any significant risk factor is missing in valuation model to the extent that the Group believes that a third party market participant would take them into account in a pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and the counterparty where appropriate. For measuring derivatives that might change classification from being an asset to a liability or vice versa – e.g. interest rate swaps – fair values take into account both credit valuation adjustment (CVA) and debit valuation adjustment (DVA) when market participants would take this into consideration in pricing the derivatives.

Model inputs and values are calibrated against historical data and published forecasts and, where possible, against current or recent observed transactions in different instruments and against broker quotes. This calibration process is inherently subjective, and it yields ranges of possible inputs and estimates of fair value. Management uses judgement to select the most appropriate point in the range.

Derivatives
OTC derivative valuation models calculate the present value of expected future cash flows, based upon 'no arbitrage' principles. For many vanilla derivative products, the modelling approaches used are standard across the industry. For more complex derivative products, there may be some differences in market practice. Inputs to valuation models are determined from observable market data wherever possible, including prices available from exchanges, dealers, brokers or providers of consensus pricing. Certain inputs may not be observable in the market directly but can be determined from observable prices via model calibration procedures or estimated from historical data or other sources.

Equity Instruments
The majority of equity instruments are actively traded on public stock exchanges with readily available active prices on a regular basis. Units held in units are measured based on their published net asset value (NAV), taking into account redemption and/or other restrictions.

Private equity
Investments in private equity funds are valued using net asset values ('NAV') received by the external fund manager. Adjustments may be required to the NAV of funds to obtain valuations that considers exit costs observable on the secondary market and to reflect the uncertainty inherent to the nature of the investments held.

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

49. Fair value measurement (continued)

(d) Valuation techniques (continued)

Securities
Fair value is determined using quoted prices in active markets when available. When not available, quoted prices in less active markets are used. In the absence of position's specific quoted prices, fair value may be determined through benchmarking from comparable instruments.

Structured notes
These comprise principally credit and equity linked notes issued by the Bank, which provide the counterparty with a return linked to the creditworthiness of specific underlying. Examples of the unobservable parameters include correlations between underlying.

Debt instrument
Debt instruments are fixed or floating rate securities or may with embedded derivative characteristics. The Bank uses active market prices when available, or other observable inputs in discounted cash flow models to estimate the corresponding fair value.

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

49. Fair value measurement (continued)

(e) Fair value of financial instruments

The table below sets out the Group's classification of each class of financial assets and liabilities and their carrying amounts as at 31 December 2024:

	Fair value through profit or loss AED million	FVOCI – with recycle to profit or loss AED million	FVOCI – without recycle to profit or loss AED million	Amortised cost AED million	Carrying amount AED million
Financial assets					
Cash and balances with central banks	-	-	-	214,404	214,404
Investments at fair value through profit or loss	56,028	-	-	-	56,028
Due from banks and financial institutions	-	-	-	23,724	23,724
Reverse repurchase agreements	-	-	-	69,661	69,661
Derivative financial instruments	45,893	-	-	-	45,893
Loans, advances and Islamic financing	-	-	-	528,897	528,897
Non trading investment securities	-	177,922	5,495	4,029	187,446
Other assets	-	-	-	47,257	47,257
	101,921	**177,922**	**5,495**	**887,972**	**1,173,310**
Financial liabilities					
Due to banks and financial institutions	-	-	-	71,896	71,896
Repurchase agreements	-	-	-	32,329	32,329
Commercial Paper	-	-	-	17,888	17,888
Derivative financial instruments	53,758	-	-	-	53,758
Customer accounts and other deposits	-	-	-	782,379	782,379
Other liabilities[1]	1,211	-	-	47,031	48,242
Term borrowings	682	-	-	64,106	64,788
Subordinated notes	-	-	-	6,861	6,861
	55,651	**-**	**-**	**1,022,490**	**1,078,141**

[1]Other liabilities that are held for trading are classified as level 1 in the fair value hierarchy.

Management considers that the carrying amounts of Group's financial assets and liabilities do not materially differ from their fair values as at the year end.

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

49. Fair value measurement (continued)

(e) Fair value of financial instruments (continued)

The table below sets out the Group's classification of each class of financial assets and liabilities and their carrying amounts as at 31 December 2023:

	Fair value through profit or loss AED million	FVOCI – with recycle to profit or loss AED million	FVOCI – without recycle to profit or loss AED million	Amortised cost AED million	Carrying amount AED million
Financial Assets					
Cash and balances with central banks	-	-	-	233,390	233,390
Investments at fair value through profit or loss	45,209	-	-	-	45,209
Due from banks and financial institutions	-	-	-	25,266	25,266
Reverse repurchase agreements	-	-	-	78,504	78,504
Derivative financial instruments	46,421	-	-	-	46,421
Loans, advances and Islamic financing	-	-	-	483,954	483,954
Non trading investment securities	-	170,716	4,553	4,374	179,643
Other assets	-	-	-	39,767	39,767
	91,630	170,716	4,553	865,255	1,132,154
Financial Liabilities					
Due to banks and financial institutions	-	-	-	71,528	71,528
Repurchase agreements	-	-	-	26,096	26,096
Commercial Paper	-	-	-	19,659	19,659
Derivative financial instruments	51,002	-	-	-	51,002
Customer accounts and other deposits	-	-	-	759,863	759,863
Other liabilities[1]	972	-	-	44,139	45,111
Term borrowings	513	-	-	63,426	63,939
Subordinated notes	-	-	-	4,191	4,191
	52,487	-	-	988,902	1,041,389

[1]Other liabilities that are held for trading are classified as level 1 in the fair value hierarchy.

Management considers that the carrying amounts of Group's financial assets and liabilities do not materially differ from their fair values as at the year end.

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

49. Fair value measurement (continued)

(e) Fair value of financial instruments (continued)

Financial instruments measured at fair value - hierarchy

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level of the fair value hierarchy:

	Level 1 AED million	Level 2 AED million	Level 3 AED million	Total AED million
As at 31 December 2024				
Investment at fair value through profit or loss	12,980	38,678	4,370	56,028
FVOCI - with recycle to profit or loss	144,821	31,316	1,785	177,922
FVOCI - without recycle to profit or loss	1,184	4,094	217	5,495
Derivative financial instruments (assets)	387	45,506	-	45,893
	159,372	**119,594**	**6,372**	**285,338**
Derivative financial instruments (liabilities)	133	53,530	95	53,758
Term borrowings	-	328	354	682
	133	**53,858**	**449**	**54,440**
	Level 1 AED million	**Level 2** AED million	**Level 3** AED million	**Total** AED million
As at 31 December 2023				
Investment at fair value through profit or loss	6,708	35,357	3,144	45,209
FVOCI - with recycle to profit or loss	133,542	36,255	919	170,716
FVOCI - without recycle to profit or loss	1,025	3,321	207	4,553
Derivative financial instruments (assets)	634	45,776	11	46,421
	141,909	120,709	4,281	266,899
Derivative financial instruments (liabilities)	931	50,071	-	51,002
Term borrowings	-	260	253	513
	931	50,331	253	51,515

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

49. Fair value measurement (continued)
(e) Fair value of financial instruments (continued)

Financial instruments measured at fair value - hierarchy (continued)
The following table shows the transfer between the hierarchies:

Investment at fair value through profit or loss	Level 1 AED million	Level 2 AED million	Level 3 AED million	Total AED million
Balance as at 1 January 2024	**6,708**	**35,357**	**3,144**	**45,209**
Transfers:				
Transfer from level 1 to level 2	(542)	542	-	-
Transfer from level 2 to level 1	958	(958)	-	-
Transfer from level 2 to level 3	-	(18)	18	-
	416	**(434)**	**18**	**-**
Net non level movements	5,856	3,755	1,208	10,819
Balance as at 31 December 2024	**12,980**	**38,678**	**4,370**	**56,028**

Non trading investment securities	Level 1 AED million	Level 2 AED million	Level 3 AED million	Total AED million
Balance as at 1 January 2024	**134,567**	**39,576**	**1,126**	**175,269**
Transfers:				
Transfer from level 1 to level 2	(4,130)	4,130	-	-
Transfer from level 2 to level 1	872	(872)	-	-
Transfer from level 2 to level 3	-	(578)	578	-
	(3,258)	**2,680**	**578**	**-**
Net non level movements	14,696	(6,846)	298	8,148
Balance as at 31 December 2024	**146,005**	**35,410**	**2,002**	**183,417**

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

49. Fair value measurement (continued)
(e) Fair value of financial instruments (continued)

Financial instruments measured at fair value - hierarchy (continued)

Investment at fair value through profit or loss	Level 1 AED million	Level 2 AED million	Level 3 AED million	Total AED million
Balance as at 1 January 2023	3,545	23,020	5,252	31,817
Transfers:				
Transfer from level 1 to level 2	(95)	95	-	-
Transfer from level 1 to level 3	(91)	-	91	-
Transfer from level 2 to level 1	632	(632)	-	-
	446	(537)	91	-
Net non level movements	2,717	12,874	(2,199)	13,392
Balance as at 31 December 2023	6,708	35,357	3,144	45,209

Non trading investment securities	Level 1 AED million	Level 2 AED million	Level 3 AED million	Total AED million
Balance as at 1 January 2023	123,797	39,053	4,812	167,662
Transfers:				
Transfer from level 1 to level 2	(2,830)	2,830	-	-
Transfer from level 1 to level 3	(3)	-	3	-
Transfer from level 2 to level 1	8,179	(8,179)	-	-
Transfer from level 2 to level 3	-	(2)	2	-
Transfer from level 3 to level 1	384	-	(384)	-
Transfer from level 3 to level 2	-	3,630	(3,630)	-
	5,730	(1,721)	(4,009)	-
Net non level movements	5,040	2,244	323	7,607
Balance as at 31 December 2023	134,567	39,576	1,126	175,269

Management considers that the carrying amounts of financial assets and liabilities recognised in the consolidated financial statements do not materially differ from their fair values.

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

	31 Dec 2024 AED million	31 Dec 2023 AED million
Balance as at the beginning of year	**4,281**	10,065
Additions / transfers	**3,668**	914
Fair value and other adjustments	**(1,577)**	(6,698)
Balance as at the end of year	**6,372**	**4,281**

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

49. Fair value measurement (continued)

(e) Fair value of financial instruments (continued)

Financial instruments measured at fair value - hierarchy (continued)
The Level 3 financial instruments includes private equity investments, and their valuations are based on the latest net asset published by the fund manager. The effect of changes in its valuation is covered as part of equity price risk included in note 50(c). The remaining mainly comprise of debt instruments which are priced using last available prices.

Any change in one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would not change the fair value significantly.

50. Financial risk management

Risk management framework

Introduction and overview
The primary objective of the Group is to manage risk and provide risk adjusted returns to the shareholders in line with the accepted risk profile. In the course of doing its regular business activities, the Group gets exposed to multiple risks notably (a) credit risk; (b) market risk (including interest rate risk in the trading book, currency risk, equity risk in the trading book); (c) liquidity risk; (d) interest rate risk in the banking book; (e) capital risk (f) operational risks (including risk of fraud, legal and compliance risks; information security risk and data privacy, business continuity, technology risks (g) ESG risks (h) model risks and (i) shari'ah compliance risks. A well established risk governance and ownership structure ensure oversight and accountability of the effective management of risk at the Group. The Risk management tone is set right at the top from the Board of Directors ("BOD") and gets implemented through a well defined risk management structure and framework.

Composition of board
The Board of Directors ("BOD") is responsible for the overall direction, supervision and control of the Group. The BOD has delegated authority to specialist committees who support the Board in execution of its responsibilities. The day to day management of the Group is conducted by the Group Chief Executive Officer ("GCEO") and the Group Executive Committee as delegated by the Board. The BOD has overall responsibility for the Group including approving and overseeing the implementation of its strategic objectives, risk strategy, corporate governance and corporate values within the agreed framework in accordance with relevant statutory and regulatory structures. In accordance with the Bank's Articles of Association, the BOD comprises eleven members. Each Director holds the position for three years, which may then be renewed for a further three year term. The Board of Directors of the Bank's subsidiaries has the same fiduciary responsibilities towards their respective entities as the Bank's Directors have towards the Group.

Corporate governance framework
The Group has a comprehensive Corporate Governance Framework that puts in place rules, processes and policies through which BOD and Senior Management manages the Group. The BOD drives the implementation of the corporate governance standards and in accordance with its charter, has oversight responsibility for the Group's corporate governance framework. The Group corporate governance sets the highest standards of professionalism and requires subsidiaries and international locations to setup individual specific governance frameworks, in alignment with the Group governance framework, to govern them. The Head of Corporate Governance is the custodian of the Corporate Governance Framework.

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

50. Financial risk management (continued)

Risk management structure
The BOD approves risk management framework for the Bank, its subsidiaries, its associates and international offices including representative offices and overseas branches. Under authority delegated by the BOD, the Board Risk and ESG Committee ("BRESGC"), through its separately convened Group risk management meetings formulates high level Group risk management policies, exercises delegated risk authorities and oversees the implementation of risk management framework and controls. The Group Chief Risk Officer ("GCRO") functionally reports to this Committee.

Board management committee ("BMC")
The BMC approves and oversees execution of the Group's business plan per the strategy approved by the Board and oversees and reviews material aspects of the business of the Group. The Committee meets quarterly or more frequently as deemed necessary.

Board risk and esg committee ("BRESGC")
The BRESGC provides oversight and advice to the BOD in relation to current and potential future risk exposures of the Group, risk strategy, risk appetite and tolerance as well as risk culture of the Group. The committee also oversees and provides guidance to the Board of Directors on ESG matters. The Committee meets quarterly or more frequently as deemed necessary. The Group's risk management function has a direct reporting line to the BRESGC through the Group Chief Risk Officer.

Board audit committee ("BAC")
BAC ensures oversight of the effectiveness of the internal control systems and the quality and integrity of financial statements and financial reporting. In addition, it reviews, approves and oversees the internal and external audit programs and ensures coordination between internal and external auditors. The Group Chief Audit Officer ("GCAO") provides reports to the Committee on internal controls and the Head of Compliance reports directly to the BAC on compliance related matters. The Committee meets quarterly or more frequently as deemed necessary.

Board Level Committees within the Group

Remuneration and nomination committee ("REMCO")
The REMCO recommends and oversees the appointment and termination of BOD and succession planning for the Group Executive Committee members. This includes an assessment of the skills, knowledge and expertise needed to ensure they are positioned to discharge their responsibilities in the interests of the shareholders and the Group. The Committee also reviews and recommends to the Board, Group's reward policy framework, approves and oversees reward design and ensures it is appropriate and consistent with the Group's culture, values, business performance and risk strategy. The Committee meets at least twice a year or more frequently as deemed necessary.

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

50. Financial risk management (continued)

Management Level Committees within the Group

There are ten management level committees. The major functions of the ten management committees are listed below:

Group executive committee ("EXCO")

The Group Executive Committee ("Group EXCO") is the Group's senior most management level committee and it operates under a delegated authority from the Board. It is responsible for identifying matters required or appropriate for escalation to the BOD or Board Committees. The Group EXCO also supports the Group CEO to determine and implement the Group's strategy as approved by the Board.

The key responsibilities of the Committee include decisions on the Bank's strategy, annual budgets, capital management, risk management and Group's more material policies and procedures. The Group EXCO may delegate certain authorities and powers to management committees and individuals, but the Group EXCO reserves the authority to deal with strategy, annual budget and structure; financial reporting and controls; capital management; risk and internal control; contracts; corporate governance matters; executive remuneration and human resources policies, and Group policies generally; general meeting of shareholders and communication and any other matters in its discretion.

Group credit committee ("GCC")

GCC assists in the development and implementation of the Group's credit, investment strategy and the related policies and procedures. The aim of GCC is to have an overall credit oversight of the Group and decide on credit policy and governance related matters.

Group risk committee ("GRC")

GRC assists in setting and monitoring Group risk strategy, risk exposures and group risk profile in an effective manner. The primary objective of GRC is to define, develop and periodically monitor the Group's risk appetite, risk frameworks, methodologies and risk policies. GRC reports material risk matters to the EXCO and BRESGC as appropriate.

Group compliance committee ("Compliance committee")

Group Compliance Committee assists the Group EXCO and BAC in fulfilling its objective of overseeing the Bank's regulatory responsibilities as well as ensuring the Bank's compliance with the applicable laws and regulations issued by various regulatory authorities across the Group.

Group asset & liability committee ("GALCO")

The G-ALCO is the driving force and key decision maker behind the structure and quality of the balance sheet. It is directly accountable to the BRESGC for ensuring that the risks within the Group's asset and liability position are prudently managed.

Human resources steering committee ("HRSC")

HRSC assists the Group EXCO and the REMCO to implement strategic and operational HR initiatives to deliver the Group's long-term shareholder value. The Committee is the formal sponsor of all material HR initiatives across the Group in line with the Group's Employee Value Proposition ("EVP").

Group operational & fraud risk committee ("GO&FRC")

GO&FRC assists the Group EXCO and the Board Risk and ESG Committee ("BRESGC") in fulfilling the Group's Operational and Fraud Risk Management related matters. The key responsibilities of this committee are to define guidelines to identify and manage Operational & Fraud risks in all new products, processes, and activities, defining scope, policy, objectives, assumptions, and roles / responsibilities of the Group's Operational & Fraud Risk Management Policies.

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

50. Financial risk management (continued)

Management Level Committees within the Group (continued)

Group technology risk and information security committee ("GTRISC")

GTRISC assists the Group EXCO and the BRESGC in overseeing, reviewing and taking decisions on the implementation of Group's security controls and business continuity framework to ensure that information assets of the Bank are adequately protected and to ensure prevention and recovery from potential natural / man made threats. It also serves as an independent and objective governance forum which ensures the adequacy and effectiveness of the Group's information security framework.

Group esg committee ("G-ESGC")

G-ESGC assists the Group EXCO and BRESGC in all ESG related matters of the Group. The primary objective of the G-ESGC is to promote and oversee the ESG strategy, culture, and awareness across the Group.

Group technology steering committee ("GTSC")

GTSC assists in fulfilling EXCO's governance and oversight responsibilities of all technology and information systems across the Group and supports the work of the BRESGC in its oversight of the Group IT governance framework. The GTSC ensures alignment of business strategies with technology priorities and acts to protect and enhance the shareholders' investment in technology.

Group risk management framework

The Group has a centralized Risk Management functions led by the GCRO. The Risk Management function comprises of sub functions such as enterprise risk, credit risk, capital risk, market and interest rate risk, liquidity risk, model risk, operational and fraud risk, legal risk, technology risk, information security and data privacy, business continuity, credit recovery, corporate governance, Shari'ah compliance risk and Group ESG.

The Bank has established the Group risk management framework to support the Group's risk management objectives. The core objective of the Group risk management framework is to provide a reasonable degree of assurance to the Board that the risks affecting the Group's achievement of its core values and purpose are being identified, measured, monitored and controlled through an effective integrated risk management system.

The framework consists of policies covering all material risks across the Group that include enterprise risk management policy, risk appetite policy, reputational risk management policy, strategic risk management policy, ESG related framework and policies, capital management policy, corporate governance related policies and framework, credit risk related policies, market and liquidity risk related policies, operational risk management policy, fraud risk policy, outsourcing risk policy, dormant account policy, compliance risk related policies, information security risk related policies, business continuity management policy, internal capital adequacy assessment process policy, pillar III disclosure policy, new products approval policy, model risk management policy and Shari'ah governance framework. In addition to these risk management policies, the Group has also put in place detailed operational policies, procedures and programs wherever needed.

The Group follows a three lines of defence approach for managing risks. Business units and enabling functions, as the first line of defence, identify and manage risk in their day to day activities by ensuring that activities are within the Group's risk appetite and follow all relevant internal policies and processes. Group Credit, Group Risk, Legal and Group Compliance, as the second line of defence, establishes risk controls comprising of policies and processes while also providing oversight and independent challenge to the first line of defence. The Group Chief Risk Officer ("GCRO") has a direct reporting line to the BRESGC to ensure the independence of Group Risk from Internal audit, as the third line of defence, provides assurance to management and the Board of the effectiveness of risk management practices employed by the first two lines of defence. The Group Chief Audit Officer has a direct reporting line to the Board Audit Committee.

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

50. Financial risk management (continued)
Risk management framework (continued)
Group risk management framework (continued)
As a part of the Group risk management framework, FAB has established a formal risk appetite after a careful consideration of the risk-return trade off.

Risk monitoring and control is primarily based on limits established by the Group's executive management. These limits reflect the Group's business strategy and the market environment as well as the risk appetite of the Group. Information from all parts of the Group is collected, examined and processed in order to identify, analyse and control risks. This risk profile information is presented to the BRESGC and the Group Risk Committee on a quarterly basis. The information covers group wide risks and is designed to enable the Board and executive management to receive all necessary information so as to independently assess the possible impact of these risks on the Group's businesses. The Group uses a range of measures to mitigate and control risks, including the use of scenario analysis, credit risk mitigation techniques (collaterals, guarantees, netting, etc.) and risk transfer mechanisms to reduce exposure to risk. Hedging is used to reduce certain interest and currency exchange rate risks. The risk profile of all major transactions is assessed and authorised by appropriate management representatives, before the transactions are concluded. The effectiveness of all risk mitigation measures is closely monitored and updated by the risk management unit. The Group risk management frameworks and strategies are dynamically updated based on regulations and market best practices. The group also regularly conducts training and awareness initiatives for its staff and customers to ensure robust risk culture.

(a) Credit risk
Credit risk is the risk that a customer or counterparty to a financial asset fails to meet its contractual obligations and cause the Group to incur a financial loss. It arises principally from the Group's loans, advances and Islamic financing, due from banks and financial institutions, reverse repurchase agreements and non trading debt investments, derivative financial instruments and certain other financial assets.

Management of credit risk
Credit risk identification and assessment at the Group is carried out through a comprehensive mechanism comprising three levels of defence. The first level of defence lies with the business units and is responsible for maintaining a sound credit quality of assets in line with the approved business strategy and credit risk appetite. The second level of defence is with the Group Credit Unit that assesses the risk at the customer and facility level, ensures proper documentation of customer, facility and security documents along with Group Risk management unit that assesses credit risk on a portfolio basis and maintains credit risk policies and credit risk rating models up to date. Internal Audit acts as a third level of defence with regular reviews of credit analysis and the risk functions to check the compliance with policies and procedures of the Group. The unit also reviews the policy documents on a regular basis.

As part of credit risk monitoring and control framework, regular risk monitoring both at customer and portfolio levels is carried out along several parameters which include credit quality, provisioning levels, exposure limits across several dimensions, financial and operating performance, account conduct, end use of funds, adequacy of credit risk mitigants, adherence to financial and non financial covenants, recovery performance, rating system performance among others.

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

50. Financial risk management (continued)
Risk management framework (continued)
Group risk management framework (continued)
(a) Credit risk (continued)
Credit quality analysis
The following tables set out information about the credit quality of financial assets measured at amortised cost, and fair value through other comprehensive income (FVOCI) debt investments without considering collateral or other credit enhancement. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

The Group measures its exposure to credit risk by reference to the gross carrying amount of financial assets less amounts offset, interest in suspense and impairment losses, if any.

The carrying amount of financial assets represents the maximum credit exposure.

Ast at 31 December 2024	Stage 1		Stage 2		Stage 3		Purchased or originally credit impaired[4]		Total	
	Exposure AED million	Provision AED million	Exposure AED million	Provision AED million	Exposure AED million	Provision AED million	Exposure AED million	Provision AED million	Exposure AED million	Provision AED million
Balances with central banks	211,273	26	1,147	118	-	-	-	-	212,420	144
Due from banks and financial institutions	21,493	9	2,281	41	-	-	-	-	23,774	50
Reverse repurchase agreements	69,755	94	-	-	-	-	-	-	69,755	94
Loans, advances and Islamic financing[1]	513,581	2,618	10,528	1,778	22,677	8,943	3,727	450	550,513	13,789
Non trading investment securities										
Amortised cost securities	4,030	1	-	-	-	-	-	-	4,030	1
FVOCI debt securities[2]	177,834	166	-	-	88	4	-	-	177,922	170
Other assets[3]	23,190	224	9	6	122	37	-	-	23,321	267
Unfunded exposures	250,775	300	3,842	154	2,294	607	1	-	256,912	1,061
	1,271,931	**3,438**	**17,807**	**2,097**	**25,181**	**9,591**	**3,728**	**450**	**1,318,647**	**15,576**

[1]The exposure represents gross loans, advances and Islamic financing, including suspended interest of AED 7,827 million primarily on Stage 3 and purchased or originally credit impaired assets (POCI).
[2]The provision against financial instruments classified as FVOCI is included in the fair value reserve under equity.
[3]On certain assets included as part of other assets, ECL is computed based on simplified approach.
[4]The Group, from an internal credit quality point of view, considers AED 3,664 million as par to non performing loans, advances and Islamic financing.

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

50. Financial risk management (continued)
Risk management framework (continued)
Group risk management framework (continued)
(a) **Credit risk** (continued)
Credit quality analysis (continued)

As at December 2023	Stage 1		Stage 2		Stage 3		Purchased or originally credit impaired[4]		Total	
	Exposure AED million	Provision AED million	Exposure AED million	Provision AED million	Exposure AED million	Provision AED million	Exposure AED million	Provision AED million	Exposure AED million	Provision AED million
Balances with central banks	230,598	47	1,037	118	-	-	-	-	231,635	165
Due from banks and financial institutions	23,610	17	1,714	41	-	-	-	-	25,324	58
Reverse repurchase agreements	78,591	87	-	-	-	-	-	-	78,591	87
Loans, advances and Islamic financing[1]	464,787	1,626	12,938	1,919	22,924	9,423	3,992	533	504,641	13,501
Non trading investment securities										
Amortised cost securities	4,375	1	-	-	-	-	-	-	4,375	1
FVOCI debt securities[2]	170,587	132	129	8	-	-	-	-	170,716	140
Other assets[3]	18,662	299	11	-	11	2	-	-	18,684	301
Unfunded exposures	237,130	362	4,313	164	1,664	498	5	3	243,112	1,027
	1,228,340	**2,571**	**20,142**	**2,250**	**24,599**	**9,923**	**3,997**	**536**	**1,277,078**	**15,280**

[1]The exposure represents gross loans, advances and Islamic financing including suspended interest of AED 7,186 million primarily on Stage 3 and purchased or originally credit impaired assets (POCI).
[2]The provision against financial instruments classified as FVOCI is included in the fair value reserve under equity.
[3]On certain assets included as part of other assets, ECL is computed based on simplified approach.
[4]The Group, from an internal credit quality point of view, considers AED 3,885 million as par to non performing loans, advances and Islamic financing.

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

50. Financial risk management (continued)
Risk management framework (continued)
Group risk management framework (continued)
(a) **Credit risk** (continued)
Credit quality analysis (continued)
The movement of gross exposure is as follows:

Loans, advances and Islamic financing	Stage 1 AED million	Stage 2 AED million	Stage 3 AED million	POCI AED million	Total AED million
Balance as at 1 January 2024	464,787	12,938	22,924	3,992	504,641
Transfers:					
Transfer from Stage 1 to Stage 2	(2,920)	2,920	-	-	-
Transfer from Stage 1 to Stage 3	(1,790)	-	1,790	-	-
Transfer from Stage 2 to Stage 1	2,200	(2,200)	-	-	-
Transfer from Stage 2 to Stage 3	-	(3,458)	3,458	-	-
Transfer from Stage 3 to Stage 2	-	1,453	(1,453)	-	-
Transfer from Stage 3 to Stage 1	114	-	(114)	-	-
	(2,396)	**(1,285)**	**3,681**	**-**	**-**
Net amounts written off	(69)	(350)	(3,466)	(220)	(4,105)
Net non stage movements	51,259	(775)	(462)	(45)	49,977
Balance as at 31 December 2024	**513,581**	**10,528**	**22,677**	**3,727**	**550,513**
Unfunded exposure	**Stage 1** AED million	**Stage 2** AED million	**Stage 3** AED million	**POCI** AED million	**Total** AED million
Balance as at 1 January 2024	237,130	4,313	1,664	5	243,112
Transfers:					
Transfer from Stage 1 to Stage 2	(1,816)	1,816	-	-	-
Transfer from Stage 1 to Stage 3	(7)	-	7	-	-
Transfer from Stage 2 to Stage 1	195	(195)	-	-	-
Transfer from Stage 2 to Stage 3	-	(1,079)	1,079	-	-
Transfer from Stage 3 to Stage 2	-	19	(19)	-	-
	(1,628)	**561**	**1,067**	**-**	**-**
Net non stage movements	15,273	(1,032)	(437)	(4)	13,800
Balance as at 31 December 2024	**250,775**	**3,842**	**2,294**	**1**	**256,912**

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

50. Financial risk management (continued)
Risk management framework (continued)
Group risk management framework (continued)
(a) Credit risk (continued)
Credit quality analysis (continued)

Loans, advances and Islamic financing	Stage 1 AED million	Stage 2 AED million	Stage 3 AED million	POCI AED million	Total AED million
Balance as at 1 January 2023	441,558	13,262	20,898	4,007	479,725
Transfers:					
Transfer from Stage 1 to Stage 2	(4,921)	4,921	-	-	-
Transfer from Stage 1 to Stage 3	(2,940)	-	2,940	-	-
Transfer from Stage 2 to Stage 1	2,078	(2,078)	-	-	-
Transfer from Stage 2 to Stage 3	-	(3,334)	3,334	-	-
Transfer from Stage 3 to Stage 2	-	804	(804)	-	-
Transfer from Stage 3 to Stage 1	344	-	(344)	-	-
	(5,439)	**313**	**5,126**	**-**	**-**
Net amounts written off	(54)	(39)	(3,415)	(88)	(3,596)
Net non stage movements	28,722	(598)	315	73	28,512
Balance as at 31 December 2023	**464,787**	**12,938**	**22,924**	**3,992**	**504,641**

Unfunded exposure	Stage 1 AED million	Stage 2 AED million	Stage 3 AED million	POCI AED million	Total AED million
Balance as at 1 January 2023	225,881	4,699	1,341	11	231,932
Transfers:					
Transfer from Stage 1 to Stage 2	(2,498)	2,498	-	-	-
Transfer from Stage 1 to Stage 3	(289)	-	289	-	-
Transfer from Stage 2 to Stage 1	1,273	(1,273)	-	-	-
Transfer from Stage 2 to Stage 3	-	(1,256)	1,256	-	-
Transfer from Stage 3 to Stage 2	-	5	(5)	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-	-
	(1,514)	**(26)**	**1,540**	**-**	**-**
Net non stage movements	12,763	(360)	(1,217)	(6)	11,180
Balance as at 31 December 2023	**237,130**	**4,313**	**1,664**	**5**	**243,112**

There were no material movement between stages for other financial assets for the year ended 31 December 2024.

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

50. Financial risk management (continued)
Risk management framework (continued)
Group risk management framework (continued)
(a) Credit risk (continued)
Credit quality analysis (continued)

The external ratings for trading securities and non trading investment securities are disclosed below:

	Non trading investment securities		Investments at fair value through profit or loss POCI	
	31 Dec 2024 AED million	31 Dec 2023 AED million	31 Dec 2024 AED million	31 Dec 2023 AED million
AAA	26,248	26,604	409	694
AA to A	127,150	117,559	24,523	24,035
BBB to B	27,170	28,885	24,117	14,783
CCC and below	568	658	132	-
Unrated	6,311	5,938	6,847	5,697
	187,447	**179,644**	**56,028**	**45,209**
Less: expected credit loss	(1)	(1)	-	-
	187,446	**179,643**	**56,028**	**45,209**

Unrated investments primarily consist of investments in private equities and investments in equities which don't carry credit risk. Investments at fair value through profit or loss are neither past due nor impaired.

Collateral held and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The main types of collateral obtained are, as follows:

- For securities lending and reverse repurchase transactions, cash or securities
- For corporate and small business lending, charges over real estate properties, inventory and trade receivables and, in special circumstances, government guarantees
- For retail lending, mortgages over residential properties.

The Group has set up a framework for credit risk mitigation as a means towards reducing credit risk in an exposure, at facility level, by a safety net of tangible and realizable securities including approved third party guarantees/ insurance. The types of Credit Risk Mitigation ("CRM") include netting agreements, collaterals, guarantees, credit derivatives and Standby Letters of Credits ("SBLC"). The Group ensures that all documentation used in collateralized transactions and for documenting on and off balance sheet netting, guarantees, credit derivatives and collateral is binding on all parties and is legally enforceable in all relevant jurisdictions. The Group also ensures that all the documents are reviewed by the appropriate authority and have appropriate legal opinions to verify and ensure its enforceability. Management monitors the market value of collateral on period basis.

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

50. Financial risk management (continued)
Risk management framework (continued)
Group risk management framework (continued)

(a) Credit risk (continued)

Credit quality analysis (continued)

The Group holds collateral and other credit enhancements against its certain credit exposures. An estimate of the collateral against loans, advances and Islamic financing is shown below:

	31 Dec 2024 AED million	31 Dec 2023 AED million
Against individually not impaired:		
Real estate	210,768	211,957
Shares and bonds	205,320	193,131
Cash	10,179	13,716
Others	31,082	26,267
Total against individually not impaired	**457,349**	**445,071**
Against individually impaired:		
Real estate	15,064	12,483
Shares and bonds	134	1,310
Cash	86	118
Others	150	291
Total against individually impaired	**15,434**	**14,202**
Total collateral against loans, advances and Islamic financing	**472,783**	**459,273**

	31 Dec 2024 AED million	31 Dec 2023 AED million
Collateral value cover		
0 – 50%	11,138	12,970
51 – 100%	3,542	5,031
Above 100%	3,834	1,622
Net credit impaired loans, advances and Islamic financing	**18,514**	**19,623**

The Group's policy is to pursue timely realisation of the collateral in an orderly manner. There has been no significant change in the quality of the collateral during the year ended 31 December 2024 and 31 December 2023.

While the Group has not repossessed significant amount of collateral in 2024 and 2023, maintaining repossession rights assist the Group in the restructuring and settlement of credit impaired loans, advances and Islamic financing.

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

50. Financial risk management (continued)
Risk management framework (continued)
Group risk management framework (continued)

(a) Credit risk (continued)

Credit quality analysis (continued)

Derivatives, reverse sale and repurchase agreements and securities borrowing

The Group mitigates the credit risk of derivatives, reverse sale and repurchase agreements and securities lending by entering into master netting agreements and holding collateral in the form of cash and marketable securities.

Derivative transactions are transacted on exchanges, with central clearing counterparties ("CCPs") or entered into under International Swaps and Derivatives Association ("ISDA") master agreements. In general, under these agreements, in certain circumstances – e.g. when a credit event such as a default occurs – all outstanding transactions under the agreement with the counterparty are terminated, the termination value is assessed as per the jurisdiction netting rules and the amount (due or payable) in settlement with the counterparty. Such arrangements provide for single net settlement of all financial instruments covered by the agreements in the event of default on any one contract. The Group usually executes a credit support annex in conjunction with the ISDA agreement, which requires the Group and its counterparties to post collateral to mitigate counterparty credit risk. Collateral is also posted daily in respect of derivatives transacted on exchanges and with CCPs.

The Group's sale and repurchase, and reverse sale and repurchase, transactions and securities borrowing and lending are covered by master agreements with netting terms similar to those of ISDA master netting agreements.

Loans, advances and Islamic financing

The general credit worthiness of a corporate customer tends to be the most relevant indicator of credit quality of a loans, advances and Islamic financing extended to it. However, collateral provides additional security and the Group generally requests that corporate borrowers provide it. The Group may take collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees.

Because of the Group's focus on corporate customers' creditworthiness, valuation of property collateral is conducted on periodic basis in line with the regulatory requirements.

Off balance sheet

The Group applies the same risk management policies for off balance sheet risks as it does for its on balance sheet risks. In the case of commitments to lend, customers and counterparties are subject to the same credit management policies as for loans, advances and Islamic financing. Collateral may be sought depending on the strength of the counterparty and the nature of the transaction.

Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment

Refer accounting policy note 6(a)(vii).

Significant increase in credit risk

The Bank assesses whether there has been a significant increase in credit risk since recognition. When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward looking information.

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

50. Financial risk management (continued)
Risk management framework (continued)
Group risk management framework (continued)

(a) Credit risk (continued)

Credit quality analysis (continued)

Amounts arising from ECL (continued)

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- Probability of default at origination adjusted for the loan maturity; and
- Probability of default at current reporting date adjusted for the remaining life of the loan.

The Group identifies key drivers behind changes in credit risk for portfolios. Generally, a significant increase in credit risk is assessed bsed on the estimation of probability of default and consideration of quantitative factors, each of which are designed to reflect forard looking information on a indidividual instrument basis.

Similarly, for consumer portfolio, the current and historical performance of the account is used estimate whether a significant increase in credit risk has occurred.

A borrower that is more than 30 days past due on its contractual obligations is presumed to have a significantly increased credit risk as a backstop unless this presumption can be reasonably rebutted based on supportable forward looking information.

The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Group's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. These assessments usually reflect in placement of such exposures under certain categories, for example watch list. In these cases, PD gets calculated on lifetime basis.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument return to being measured based on 12-month PD. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Group determines a probation period during which the financial asset is required to demonstrate good behavior to provide evidence that its credit risk has declined sufficiently. The Group is also complying with all probation period requirements in relevant jurisdictions stipulated by local central banks.

In addition to the quantitative test based on movement of PD, the Group also applies expert credit judgement to incorporate the estimated impact of factors not captured in the modelled ECL results.

Credit risk rating

Each exposure is allocated to a credit risk rating on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk rating.

The Group allocates non consumer exposure a credit risk rating based on variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk ratings are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

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

50. Financial risk management (continued)
Risk management framework (continued)
Group risk management framework (continued)

(a) Credit risk (continued)

Amounts arising from ECL (continued)

Credit risk rating (continued)

Credit risk ratings are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates. So, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

For consumer exposure, credit risk assessment is performed through credit risk scoring of borrower's characteristics and past payment behaviour. These scoring factors vary depending on the nature of the exposure and product. Credit risk scores are defined and calibrated such that the risk of default increases exponentially as credit worthiness deteriorates.

Definition of default

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

- A default is considered to have occurred with regard to a particular obligor when the Group considers that the obligor is unlikely to pay its credit obligations to itself in full or a facility or any material credit obligation to the Group is more than 90 days past due. The Group uses internal credit risk grading for corporate customer that reflects its assessment of the probability of default for non consumer segment.
- Some off balance sheet exposures such as bank guarantees, letters of credit etc. are treated as impaired if the Group believes it is likely they will be called upon and the customer will not be able to meet these commitments. Where the off balance sheet exposure is in the form of derivative contracts and there is doubt that all contractual future cash flows will be received from the counterparty, the Group assess the net marked to market exposure to the counterparty taking into account any enforceable netting arrangements in place. The net position (if due from) thus arrived is considered impaired.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances. The definition of default largely aligns with that applied by the Group for regulatory capital purposes (note 50(e)).

Incorporation of forward looking information

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

The Group formulates three economic scenarios: a base case, which is the median scenario assigned a 40% probability of occurring, and two less likely scenarios, one upside and one downside, each assigned a 30% probability of occurring. These scenarios are consistent for 2024 and 2023. External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates, supranational organisations such as the OECD and the International Monetary Fund and selected private sector and academic forecasters.

The Group has identified and documented key drivers of credit risk and credit loss 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 loss.

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

50. Financial risk management (continued)
(a) Credit risk (continued)

Amounts arising from ECL (continued)
Incorporation of forward looking information (continued)

The Group has performed a sensitivity analysis on how ECL on the credit portfolio will change if the scenario weights used in the IFRS 9 model were changed. From a sensitivity analysis point of view, if the downturn scenario was changed by +10%/-10%, ECL would have changed by +0.6%/-0.6% respectively. In reality there will be interdependencies between the various economic inputs and the exposure to sensitivity will vary across the economic scenarios.

The economic scenarios used as at 31 December 2024 included the following key indicators for the years ending 31 December 2025 to 2029.

Region	Macro Variable[1,2]	Scenario	2025	2026	2027	2028	2029
MENA	Oil Price	Base	-6.29%	-6.08%	-0.70%	-0.16%	0.11%
		Upside	0.31%	-8.44%	-3.30%	-0.26%	0.27%
		Downside	-29.71%	11.73%	8.15%	-0.22%	0.75%
	UAE GDP	Base	4.03%	3.46%	3.81%	3.97%	3.82%
		Upside	6.80%	4.04%	3.81%	3.97%	3.82%
		Downside	-2.16%	1.35%	5.70%	5.27%	3.94%
	UAE Housing Price Index	Base	5.59%	4.13%	5.58%	6.24%	5.11%
		Upside	8.95%	5.74%	5.68%	5.89%	5.09%
		Downside	-11.82%	-2.41%	6.12%	7.97%	5.87%
	Egypt GDP	Base	4.95%	5.43%	5.55%	5.42%	5.08%
		Upside	7.54%	5.49%	5.55%	5.42%	5.08%
		Downside	-0.16%	5.50%	6.47%	6.16%	5.57%
	Egypt Equity Index	Base	1.70%	1.81%	3.76%	1.91%	1.72%
		Upside	14.24%	-1.96%	1.08%	0.03%	1.52%
		Downside	-37.61%	22.97%	19.86%	8.26%	3.32%
UK	UK GDP	Base	1.21%	1.28%	1.52%	1.62%	1.70%
		Upside	4.74%	1.53%	1.47%	1.65%	1.91%
		Downside	-4.55%	1.61%	2.77%	1.62%	1.62%
	UK Equity Index	Base	1.52%	2.76%	3.88%	3.14%	2.26%
		Upside	11.82%	0.09%	1.16%	1.36%	2.55%
		Downside	-18.20%	11.70%	10.16%	5.02%	1.54%

[1]Represents the average annualized increase / decrease over the period.

[2]There are additional macro variables factors used for other regions which are relevant to their market.

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

50. Financial risk management (continued)
(a) Credit risk (continued)

Amounts arising from ECL (continued)

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in note 6(a)(iv).

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

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

The Group renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Group's credit policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both consumer and non consumer loans are subject to the credit policy. The Group Credit Committee regularly reviews reports on forbearance activities.

For financial assets modified as part of the Group's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Group's ability to collect interest and principal and the Group's previous experience of similar forbearance action. As part of this process, the Group evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

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 (note 6(a)(vii)). A customer needs to demonstrate consistently good payment behavior over a period of time before the exposure is no longer considered to be credit impaired/in default.

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

50. Financial risk management (continued)
(a) Credit risk (continued)

Amounts arising from ECL (continued)
Loans with renegotiated terms
Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Group has made material concessions that it would not otherwise consider. Once a loan is restructured, it remains in this category for a minimum period of twelve months, in order to establish satisfactory track record of performance under the restructuring agreement. The Group determines the twelve month period to commence from the date of signing of the agreement for restructuring. As at the reporting date, the Group has renegotiated the following exposures:

	31 Dec 2024 AED million	31 Dec 2023 AED million
Loans with renegotiated terms		
Gross carrying amount	11,172	10,301
Impaired amount	4,458	5,124
Allowance for impairment	3,313	3,357

The impact of modification loss on the Group's consolidated financial statements is not material.

Measurement of ECL
The key inputs into the measurement of ECL (note 6 a(vii)):

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

The lifetime PDs are determined based on maturity profile. The maturity profile looks at how defaults develop on a portfolio throughout the remaining life of the loans.

PD is an estimate of the likelihood of default over a given time horizon. It is estimated at a point in time. The calculation is based on statistical models tailored to the various categories of counterparties and exposures. These statistical models are based on internal data comprising both quantitative and qualitative factors and market data (where available). PDs are estimated considering the contractual maturities of exposures and estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on current collateral, counterparty industry, country of risk and recovery costs that is integral to the financial asset. LGD estimates are recalibrated for different economic scenarios incorporating the impact of change in macro economic parameters. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

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

50. Financial risk management (continued)
(a) Credit risk (continued)

Amounts arisiwng from ECL
EAD represents the expected exposure at the time of default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contractual obligations. For undrawn commitments and unfunded facilities such as letter of credit and guarantees, EAD represents the amount of exposure when the facility becomes payable and the funded conversion is based on factors provided by Basel.

However, for credit card facilities that include both a loan and an undrawn commitment component, the Group measures ECL over the period it is exposed to credit risk and EAD is computed using internal model. Though the Group can cancel the limits with immediate effect but this contractual right is not enforced in the normal day to day management, but only when the Group becomes aware of an increase in credit risk at the facility level.

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

- instrument type;
- historical performance;
- industry; and
- geographic location of the borrower.

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

Loss allowance
The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument. The basis for determining transfers due to changes in credit risk is set out in the Group's accounting policy; refer note 6(a)(vii).

	Stage 1[1] AED million	Stage 2 AED million	Stage 3 AED million	POCI AED million	Total AED million
Balance as at 1 January 2024	2,571	2,250	9,923	536	15,280
Transfers:					
Transfer from Stage 1 to Stage 2	(118)	118	-	-	-
Transfer from Stage 1 to Stage 3	(44)	-	44	-	-
Transfer from Stage 2 to Stage 1	135	(135)		-	-
Transfer from Stage 2 to Stage 3	-	(458)	458	-	-
Transfer from Stage 3 to Stage 2	-	130	(130)	-	-
Transfer from Stage 3 to Stage 1	42	-	(42)	-	-
	15	**(345)**	**330**	**-**	**-**
Impact of change in provision	946	603	2,743	177	4,469
Write offs and other adjustments	(94)	(411)	(3,405)	(263)	(4,173)
Balance as at 31 December 2024	**3,438**	**2,097**	**9,591**	**450**	**15,576**

[1]On certain assets included as part of other assets, ECL is computed based on simplified approach.

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

50. Financial risk management (continued)
(a) Credit risk (continued)

Amounts arisiwng from ECL (continued)
Loss allowance (continued)

	Stage 1[1] AED million	Stage 2 AED million	Stage 3 AED million	POCI AED million	Total AED million
Balance as at 1 January 2023	2,295	2,988	9,584	755	15,622
Transfers:					
Transfer from Stage 1 to Stage 2	(41)	41	-	-	-
Transfer from Stage 1 to Stage 3	(41)	-	41	-	-
Transfer from Stage 2 to Stage 1	109	(109)	-	-	-
Transfer from Stage 2 to Stage 3	-	(1,279)	1,279	-	-
Transfer from Stage 3 to Stage 2	-	173	(173)	-	-
Transfer from Stage 3 to Stage 1	58	-	(58)	-	-
	85	(1,174)	1,089	-	-
Impact of change in provision	270	558	2,576	(87)	3,317
Write offs and other adjustments	(79)	(122)	(3,326)	(132)	(3,659)
Balance as at 31 December 2023	2,571	2,250	9,923	536	15,280

[1]On certain assets included as part of other assets, ECL is computed based on simplified approach.

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

50. Financial risk management (continued)
(a) Credit risk (continued)

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

The table below shows the maximum exposure to credit risk for the components of the balance sheet, including derivatives. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements.

	Note	Gross maximum exposure 31 Dec 2024 AED million	Gross maximum exposure 31 Dec 2023 AED million
Balances with Central Bank	8	212,420	231,635
Investments at fair value through profit or loss	9	50,200	40,496
Due from banks and financial institutions	10	23,774	25,324
Reverse repurchase agreements	11	69,755	78,591
Loans, advances and Islamic financing	12	550,513	504,641
Non trading investment securities	13	181,952	175,091
Other assets excluding prepayments		47,524	40,068
Total		**1,136,138**	**1,095,846**
Derivatives held for trading	43	39,658	40,151
Derivatives held for hedging	43	6,235	6,270
Total		**45,893**	**46,421**
Contingent liabilities	42	177,950	165,269
Commitment	42	78,962	77,843
Total		**256,912**	**243,112**
Total credit risk exposure		**1,438,943**	**1,385,379**

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

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

50. Financial risk management (continued)
(a) Credit risk (continued)
The Group monitors concentrations of credit risk by industry sector, counterparty and geographic location. An analysis of concentrations of credit risk at the reporting date is shown below:

Concentration by industry sector

	Loans, advances and Islamic financing		Investments[1]		Reverse repurchase agreements		Undrawn loan Commitments	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
	AED million	AED million	AED million	AED million	AED million	AED million	AED million	AED million
Agriculture	3,301	3,562	-	-	-	-	-	116
Energy	40,848	36,218	6,769	4,409	-	-	25,792	17,262
Manufacturing	28,641	26,399	3,177	1,096	-	-	5,257	4,208
Construction	11,033	10,764	753	839	-	-	1,258	743
Real estate	94,408	85,806	960	1,215	-	-	7,855	5,418
Trading	24,936	22,177	137	89	-	-	3,563	2,965
Transport and communication	40,600	37,885	4,172	3,857	-	-	6,450	14,399
Banks	17,993	12,607	26,415	28,317	49,944	60,943	40	-
Other financial institutions	84,157	83,956	29,961	19,054	11,547	9,927	19,413	17,727
Services	47,358	42,470	5,458	5,637	-	-	4,121	9,465
Government	72,830	61,310	165,673	160,340	8,264	7,721	5,212	5,506
Personal loans and credit cards	49,472	50,440	-	-	-	-	-	34
Personal - retail mortgage	34,936	31,047	-	-	-	-	1	-
	550,513	**504,641**	**243,475**	**224,853**	**69,755**	**78,591**	**78,962**	**77,843**

The above numbers are presented on a gross basis and are not adjusted for provisions or interest in suspense if any.

Included within investments are equity instruments where the credit risk is not applicable.

[1]Includes investments at fair value through profit or loss and non trading investment securities.

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

50. Financial risk management (continued)
(a) Credit risk (continued)

Concentration by location

	UAE	Europe	Arab countries	Americas	Asia	Others	Total
	AED million	AED million	AED million	AED million	AED million	AED million	AED million
As at 31 December 2024							
Cash and balances with central banks	80,870	1,259	19,684	112,482	253	-	214,548
Investments at fair value through profit or loss	17,361	3,133	24,173	3,512	7,622	227	56,028
Due from banks and financial institutions	971	14,883	4,330	335	3,227	28	23,774
Reverse repurchase agreements	10,769	13,629	40,078	-	2,249	3,030	69,755
Derivative financial instruments	1,122	41,511	1,049	46	2,077	88	45,893
Loans, advances and Islamic financing	390,181	51,843	53,509	28,505	17,958	8,517	550,513
Non trading investment securities	37,150	43,120	29,086	46,184	30,588	1,319	187,447
	538,424	**169,378**	**171,909**	**191,064**	**63,974**	**13,209**	**1,147,958**
As at 31 December 2023							
Cash and balances with central banks	63,849	343	20,992	148,209	162	-	233,555
Investments at fair value through profit or loss	20,022	2,058	15,087	3,104	4,931	7	45,209
Due from banks and financial institutions	891	15,079	6,147	364	2,564	279	25,324
Reverse repurchase agreements	8,320	23,735	39,103	-	2,700	4,733	78,591
Derivative financial instruments	1,558	42,188	1,369	51	1,193	62	46,421
Loans, advances and Islamic financing	364,817	39,278	50,526	26,994	16,291	6,735	504,641
Non trading investment securities	32,257	38,085	28,439	41,745	37,472	1,646	179,644
	491,714	**160,766**	**161,663**	**220,467**	**65,313**	**13,462**	**1,113,385**

Concentration by location for investments is measured based on the location of the issuer of the security.

Concentration by location for all others is measured based on the residential status of the borrower.

The above numbers are presented on a gross basis and are not adjusted for provisions or interest in suspense if any.

Concentration by location for undrawn commitments is stated in note 42 of these consolidated financial statements.

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

50. Financial risk management (continued)

(a) Credit risk (continued)
Classification of investments as per their counterparties:

	Non trading investments securities		Investments at fair value through profit or loss	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
	AED million	AED million	AED million	AED million
Government sector	120,846	122,786	43,736	36,557
Supranational	1,072	995	19	2
Public sector	14,014	13,494	999	678
Banking sector	23,683	26,685	2,732	1,632
Corporate / private sector	27,832	15,684	8,542	6,340
	187,447	**179,644**	**56,028**	**45,209**
Less: expected credit loss on amortised cost securities	(1)	(1)	-	-
Total non trading investment securities and investments at fair value through profit or loss	**187,446**	**179,643**	**56,028**	**45,209**

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 counterparty to honor its obligations to deliver cash, securities or other assets as contractually agreed. Any delay in settlement is rare and monitored.

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 market value of instruments that are favourable to the Group. The positive market value is also referred to as the "replacement cost" since it is an estimate of what it will cost to replace transactions at prevailing market rates if a counterparty defaults. The majority of the Group's derivative contracts are entered into with other banks and financial institutions.

(b) Liquidity risk
Liquidity risk is defined as the risk that the Group does not have sufficient liquid financial resources to meet obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Bank on acceptable terms. Funding risk arises when the Bank does not maintain a diversified and stable funding base, while minimising its cost.

Liquidity risk arises from cash flows generated by assets and liabilities, including derivatives and other off balance sheet commitments, not being matched in currency, size, and term. The Group ensures that all liabilities can be met as they fall due under both businesses as usual and stress conditions without incurring undue cost.

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

50. Financial risk management (continued)

(b) Liquidity risk (continued)

Management of liquidity risk
The Group has defined the liquidity risk appetite at a level so as to ensure that the Group has a controlled liquidity risk position with adequate cash or cash equivalents to be able to meet its financial obligations, in all foreseeable circumstances and without incurring substantial additional costs, for a rolling period of three months. The risk appetite is supported by a comprehensive risk management framework that includes Group ALCO approved limits for key funding and liquidity metrics, stress testing and a contingency funding plan.

The liquidity risk appetite is also defined at a level to ensure continued compliance with current and proposed liquidity regulation from both domestic and international regulators and aligned to support the Group's external credit rating objectives.

One of the critical means to measure adequacy of liquidity as per extant global regulation is through Liquidity Coverage Ratio ("LCR"). The Group has been complying with UAE regulation on Basel III LCR and has been reporting the same for a considerable period of time. Accordingly, the Group has invested heavily in ensuring systems and controls framework is in place to comply with all the qualitative and quantitative aspects of Basel III. The Group also continues to measure and report Eligible Liquid Assets ratio (ELAR) in line with CBUAE stipulation on banking returns.

Liquidity limits are defined at the Group level and are cascaded down throughout the organisation to ensure that the Group complies with the defined Group Liquidity Risk appetite. Similarly International limits are cascaded to ensure compliance with any additional local regulatory requirements on liquidity management. All liquidity policies and procedures are subject to review and approval by G-ALCO.

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

50. Financial risk management (continued)
(b) Liquidity risk (continued)
Exposure to liquidity risk
The contractual asset and liability maturity mismatch report without considering the Group's retention history is detailed below.

The maturity profile of the assets and liabilities as at 31 December 2024.

	Total AED million	Up to 3 months AED million	3 months to 1 year AED million	1 to 3 years AED million	3 to 5 years AED million	Over 5 years AED million	Unspecified maturity AED million
Assets							
Cash and balances with central banks	214,404	214,368	36	-	-	-	-
Investments at fair value through profit or loss	56,028	20,300	20,225	7,227	590	1,858	5,828
Due from banks and financial institutions	23,724	23,568	-	-	-	156	-
Reverse repurchase agreements	69,661	23,901	24,610	20,065	1,085	-	-
Derivative financial instruments[1]	45,893	3,335	4,083	8,586	7,906	21,983	-
Loans, advances and Islamic financing	528,897	89,107	80,779	137,654	95,478	125,879	-
Non trading investment securities	187,446	27,113	17,398	39,971	27,905	69,564	5,495
Other assets	49,440	37,080	12,360	-	-	-	-
Investment in associates	4,963	-	-	-	-	-	4,963
Investment properties	8,169	-	-	-	-	-	8,169
Property and equipment	4,683	-	-	-	-	-	4,683
Intangibles	19,939	-	-	-	-	-	19,939
	1,213,247	**438,772**	**159,491**	**213,503**	**132,964**	**219,440**	**49,077**
Liabilities and equity							
Due to banks and financial institutions	71,896	43,362	10,059	77	18,398	-	-
Repurchase agreements	32,329	13,714	-	18,615	-	-	-
Commercial paper	17,888	13,517	4,371	-	-	-	-
Derivative financial instruments[1]	53,758	4,178	4,154	8,893	7,664	28,869	-
Customer accounts and other deposits	782,379	653,953	120,932	6,287	896	311	-
Other liabilities	52,473	39,355	13,118	-	-	-	-
Term borrowings	64,788	4,351	7,790	23,889	21,270	7,488	-
Subordinated notes	6,861	-	-	399	-	6,462	-
Equity	130,875	-	-	-	-	-	130,875
	1,213,247	**772,430**	**160,424**	**58,160**	**48,228**	**43,130**	**130,875**
Undrawn commitments to extend credit	78,962	34,282	44,181	43	183	273	-
Trade contingencies[1]	**177,950**	**98,774**	**13,923**	**29,004**	**21,199**	**15,050**	**-**

[1]These are as per contractual terms. However, in the event of default by the contractual party, may be payable on demand and therefore are current in nature.

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

50. Financial risk management (continued)
(b) Liquidity risk (continued)
Exposure to liquidity risk (continued)
The maturity profile of the assets and liabilities as at 31 December 2023.

	Total AED million	Up to 3 months AED million	3 months to 1 year AED million	1 to 3 years AED million	3 to 5 years AED million	Over 5 years AED million	Unspecified maturity AED million
Assets							
Cash and balances with central banks	233,390	233,390	-	-	-	-	-
Investments at fair value through profit or loss	45,209	15,258	21,010	3,195	457	577	4,712
Due from banks and financial institutions	25,266	25,266	-	-	-	-	-
Reverse repurchase agreements	78,504	25,667	33,158	16,513	3,166	-	-
Derivative financial instruments[1]	46,421	2,695	3,455	9,573	8,166	22,532	-
Loans, advances and Islamic financing	483,954	74,349	76,375	116,860	81,270	135,100	-
Non trading investments securities	179,643	36,966	20,982	33,275	30,904	52,963	4,553
Other assets	41,332	30,999	10,333	-	-	-	-
Investment in associates	1,501	-	-	-	-	-	1,501
Investment properties	8,162	-	-	-	-	-	8,162
Property and equipment	5,115	-	-	-	-	-	5,115
Intangibles	20,136	-	-	-	-	-	20,136
	1,168,633	444,590	165,313	179,416	123,963	211,172	44,179
Liabilities and equity							
Due to banks and financial institutions	71,528	63,504	4,351	3,673	-	-	-
Repurchase agreements	26,096	12,936	6,269	6,891	-	-	-
Commercial paper	19,659	13,827	5,832	-	-	-	-
Derivative financial instruments[1]	51,002	3,502	2,891	9,699	7,862	27,048	-
Customer accounts and other deposits	759,863	625,503	127,953	5,463	721	223	-
Other liabilities	46,932	35,199	11,733	-	-	-	-
Term borrowings	63,939	5,255	7,846	25,070	17,233	8,535	-
Subordinated notes	4,191	-	-	-	385	3,806	-
Equity	125,423	-	-	-	-	-	125,423
	1,168,633	759,726	166,875	50,796	26,201	39,612	125,423
Undrawn commitments to extend credit	77,843	6,979	66,879	1,697	2,119	169	-
Trade contingencies[1]	165,269	83,807	12,874	23,338	26,361	18,889	-

[1]These are as per contractual terms. However, in the event of default by the contractual party, may be payable on demand and therefore are current in nature.

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

50. Financial risk management (continued)
(b) Liquidity risk (continued)
The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted repayment obligations.

	Total AED million	Gross nominal cash flows AED million	Up to 3 months AED million	3 months to 1 year AED million	1 to 3 years AED million	3 to 5 years AED million	Over 5 years AED million
As at 31 December 2024							
Due to banks and financial institutions	71,896	72,277	43,503	10,294	82	18,398	-
Repurchase agreements	32,329	34,336	13,864	-	20,472	-	-
Commercial Paper	17,888	18,055	13,456	4,599	-	-	-
Customer accounts and other deposits	782,379	804,895	670,888	125,446	7,007	1,083	471
Term borrowings[1]	64,788	82,998	7,030	9,459	29,270	23,229	14,010
Subordinated notes	6,861	8,625	80	332	1,234	774	6,205
	976,141	**1,021,186**	**748,821**	**150,130**	**58,065**	**43,484**	**20,686**
Undrawn commitments to extend credit[2]	78,962	78,962	34,282	44,181	43	183	273
Trade contingencies	**177,950**	**177,950**	**98,774**	**13,923**	**29,004**	**21,199**	**15,050**
As at 31 December 2023							
Due to banks and financial institutions	71,528	72,311	63,882	4,680	3,749	-	-
Repurchase agreements	26,096	27,615	13,006	6,591	8,018	-	-
Commercial Paper	19,659	22,243	14,126	8,117	-	-	-
Customer accounts and other deposits	759,863	783,338	642,682	133,342	6,141	857	316
Term borrowings[1]	63,939	92,133	5,882	9,546	29,221	18,494	28,990
Subordinated notes	4,191	6,488	-	251	502	883	4,852
	945,276	**1,004,128**	**739,578**	**162,527**	**47,631**	**20,234**	**34,158**
Undrawn commitments to extend credit[2]	77,843	77,843	6,979	66,879	1,697	2,119	169
Trade contingencies	**165,269**	**165,269**	**83,806**	**12,874**	**23,338**	**26,361**	**18,890**

[1]Includes borrowings with callable feature for which the undiscounted contractual cash flows based on final contractual maturity are presented above without consideration of the call option.
[2]Calculated as per the contractual maturity profile.

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

50. Financial risk management (continued)
(c) Market risk
Market risk is the risk that the Group's income or capital will fluctuate on account of changes in the value of a financial instrument because of movements in market factors such as interest rates, credit spreads, foreign exchange rates and market prices of equity and commodity.

Management of market risk
The Group separates its exposure to market risk between trading, investment and non trading portfolios. Trading and investment portfolios are managed on a fair value basis.

Investment Management Committee ("IMCO") is responsible for oversight and guidance to Global Markets' trading and investment activities. It ensures effective management of market risks in accordance with the principles laid down in the market risk management policy. IMCO acts as a sub committee of Group Asset and Liabilities ("G-ALCO") which has the overall authority and responsibility to manage market risks.

Market Risk Group is responsible for the development and implementation of detailed market risk appetite, risk management methodologies and policies including the control framework that is reviewed by IMCO and submitted to G-ALCO and BRESGC for approval.

Exposure to market risks – trading portfolios
The Bank uses simulation models to assess possible changes in the market value of the trading portfolio based on historical data. The principal analytical tool used to measure and control market risk exposure within the Group's trading portfolios which comprise of investments at fair value through profit or loss and trading derivatives is Value at Risk ("VaR"). The VaR models are designed to measure market risk in a normal market environment. The VaR of a trading portfolio is the estimated loss that will arise on the portfolio over a specified period of time (holding period) from an adverse market movement with a specified probability (confidence level). The models assume that any changes occurring in the risk factors affecting the normal market environment will follow a normal distribution.

The VaR model uses historical simulation based on a 99% confidence level and assumes a 1-day holding period. Using market data from the previous twelve months, and observed relationships between different markets and prices, the model generates a wide range of plausible future scenarios for market price movements. The historical market rates and prices cover the risk factors associated with the following asset classes: foreign exchange, interest rates, credit, commodities and public equity. The Group has established VaR limits covering all trading desks. The overall structure of Trading VaR limits is subject to review and approval by the IMCO and then ratified at G-ALCO. VaR limits are then cascaded down to trading desks.

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

50. Financial risk management (continued)
(c) Market risk (continued)

Exposure to market risks – trading portfolios (continued)
VaR is driven by actual historical observations and hence, it is not an estimate of the maximum loss that the Group could experience from an extreme market event. As a result of this limitation, the VaR is further supplemented with other sensitivity limit structures and risk measures including stressed VaR (sVaR) and Expected Shortfall (ES) to address potential concentration risks within each trading portfolio. Moreover the trading activity at Group and desk level is subject to Management Action Triggers ("MAT") that are limits on maximum losses that trigger actions from management. The VaR is as follows:

	31 Dec 2024			
	AED million As at	AED million Average	AED million Max	AED million Min
VaR – Trading Book				
All	33	45	114	23
Interest rate	40	46	146	16
Credit	9	17	39	9
Foreign exchange	48	31	72	10
Equity	3	4	29	1
Commodity	11	2	11	-
Diversification benefit	(78)	(55)	(183)	(13)

	31 Dec 2023			
	AED million As at	AED million Average	AED million Max	AED million Min
VaR – Trading Book				
All	93	81	135	51
Interest rate	139	85	167	24
Credit	17	18	28	11
Foreign exchange	10	14	29	5
Equity	3	4	14	1
Commodity	-	1	9	-
Diversification benefit	(76)	(41)	(112)	10

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

50. Financial risk management (continued)
(c) Market risk (continued)

Exposure to market risk – banking portfolios
Exposure to market risk in the banking portfolios which comprise of non trading investments securities, reverse repurchase agreements and certain derivative instruments which are designated as hedging instruments arise primarily from the investment portfolios, interest rate gaps in the banking book, and the Group's overall FX positions.

The principal analytical tool used to measure and control the trading and investments risk exposure within the Group is Value at Risk ("VaR"). The VaR model is the same as the one used for the trading portfolios. The Group uses VaR limits for controlling the overall investment risk, including all risk factors such as foreign exchange, interest rate, equities and credit spreads. The overall structure of banking VaR limits is subject to review and approval by IMCO and then ratified by G-ALCO. VaR limits are then cascaded to different Investment desks. The VaR is as follows:

	31 Dec 2024			
	AED million As at	AED million Average	AED million Max	AED million Min
VaR – Banking Book				
All	193	276	419	190
Interest rate	124	97	146	58
Credit	221	277	423	221
Foreign exchange	9	39	201	6
Equity	20	20	26	16
Diversification benefit	(181)	(157)	(377)	(111)

	31 Dec 2023			
	AED million As at	AED million Average	AED million Max	AED million Min
VaR – Banking Book				
All	385	358	413	272
Interest rate	100	111	176	60
Credit	402	355	417	252
Foreign exchange	134	82	161	14
Equity	18	17	19	15
Diversification benefit	(269)	(207)	(360)	(69)

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

50. Financial risk management (continued)
(c) Market risk (continued)

Foreign exchange risk
Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in a foreign currency. The Group's functional currency is the UAE Dirham. The Board of Directors has set limits on positions by currency. Positions are closely monitored and hedging strategies are used to ensure positions are maintained within established limits. The Group had the following significant net exposures denominated in foreign currencies:

As at 31 December 2024	Net spot position (short)/long AED million	Forward position (short)/long AED million	Total (short)/long AED million
Currency			
US Dollar	(104,069)	66,388	(37,681)
Bahraini Dinar	13,452	(10,473)	2,979
Saudi Riyal	614	140	754
Kuwaiti Dinar	304	(1,035)	(731)
Omani Riyal	113	(833)	(720)
Egyptian Pound	4,853	(4,181)	672
Indian Rupees	1,250	(711)	539
Libyan Dinar	173	-	173
Chinese Yuan	(1,590)	1,748	158
Japanese Yen	3,049	(2,901)	148
Singapore Dollar	5,581	(5,470)	111
Others	14,739	(14,571)	168

As at 31 December 2023	Net spot position (short)/long AED million	Forward position (short)/long AED million	Total (short)/long AED million
Currency			
US Dollar	4,830	61,707	66,537
Bahraini Dinar	9,974	(5,931)	4,043
Saudi Riyal	1,621	(4,037)	(2,416)
Kuwaiti Dinar	164	(222)	(58)
Omani Riyal	293	(716)	(423)
Egyptian Pound	11,638	(10,697)	941
Indian Rupees	1,230	(169)	1,061
Libyan Dinar	189	-	189
Chinese Yuan	(5,582)	6,165	583
Japanese Yen	4,692	(4,696)	(4)
Singapore Dollar	12,875	(12,734)	141
Others	8,041	(8,822)	(781)

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

50. Financial risk management (continued)
(c) Market risk (continued)

Foreign exchange risk (continued)
As AED, SAR and BHD are pegged against US Dollar, the Group's risk exposure to these currencies is limited to that extent. Exposure to other foreign currencies is insignificant.

The tables below indicate the currencies to which the Group had significant exposure at 31 December 2024 and 2023 on its monetary assets, liabilities and net derivatives forward position. The analysis estimates the effect of a reasonably possible movement of AED against other currencies, with all other variables held constant on the consolidated statement of profit or loss.

	BHD	SAR	KWD	OMR	EGP
Currency					
Assumed change in exchange rates	1%	1%	1%	1%	1%
Impact on net income in exchange rate:					
31 Dec 2024 (AED million)	**± 30**	**± 8**	**± 7**	**± 7**	**± 7**
31 Dec 2023 (AED million)	± 40	± 24	± 1	± 4	± 9

At 31 December 2024 and 2023, the effect of the assumed changes in exchange rates on equity is insignificant.

Equity price risk
Equity price risk is the risk that the fair value of equities decreases as the result of changes in the level of equity indices and individual stocks. The Group is exposed to equity price risk on equity investments, either through holding of equities of another entity or through equity derivatives such as forward contracts, options or swaps. The fair value of these instruments will fluctuate due changes in the market price of the underlying equity instruments. The Group manages this risk through setting Equity Delta, Vega and Gamma limits. The Group also enforces diversification of investments in terms of geographical distribution and industry concentration.

The following table estimates the sensitivity to a possible change in equity markets on the Group's income statement. The sensitivity of the income statement is the effect of the assumed change in the reference equity benchmark on the fair value of investments carried at fair value through the income statement.

	Assumed level of change %	Impact on net income 31 Dec 2024 AED million	Impact on net income 31 Dec 2023 AED million
Investments at fair value through profit or loss			
Reference equity benchmarks:			
Abu Dhabi Securities Exchange Index	5%	101	73
Dubai Financial Market Index	5%	1	1
Net asset value of managed funds and private equities	5%	162	157
Other equity exchanges	5%	21	4
Unquoted	5%	7	-
		292	**235**

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

50. Financial risk management (continued)
(c) Market risk (continued)

Equity price risk (continued)
The effect on equity as a result of a change in the fair value of equity instruments held as FVOCI at 31 December 2024 and 2023, due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

	Assumed level of change %	Impact on net income 31 Dec 2024 AED million	Impact on net income 31 Dec 2023 AED million
Non trading investments securities			
Reference equity benchmarks:			
Abu Dhabi Securities Exchange Index	5%	3	12
Dubai Financial Market Index	5%	2	-
Managed funds	5%	-	-
Other equity exchanges	5%	54	40
Unquoted	5%	216	176
		275	**228**

Interest rate risk
Interest rate risk arises from interest bearing financial instruments and reflects the possibility that changes in interest rates will adversely affect the value of the financial instruments and the related income. The Group manages this risk principally through monitoring interest rate gaps and by matching the re pricing profile of assets and liabilities. Overall interest rate risk positions are managed by using derivative instruments to manage overall position arising from the Group's interest bearing financial instruments. The use of derivatives to manage interest rate risk is described in note 43.

Interest rate risk is also assessed by measuring the impact of reasonable possible change in interest rate movements. The Group assumes a fluctuation in interest rates of 50 basis points (31 December 2023: 50 basis points) and uses its internal models / management view to estimates the following impact on the net profit for the year and equity at that date:

	Net profit for the year		Equity	
	31 Dec 2024 AED million	31 Dec 2023 AED million	31 Dec 2024 AED million	31 Dec 2023 AED million
50 bps up move	311	449	250	560
50 bps down move	(362)	(493)	(222)	(538)

As on 31 December 2024, interest bearing assets amount to AED 749,864 million (31 December 2023: AED 747,851 million) and interest bearing liabilities amount to AED 724,353 million (31 December 2023: AED 716,184 million). Interest bearing assets/liabilities re pricing less than one year, are used for assessing the impact on net profit. The impact on equity as given in the table above is based on the sensitivity of interest bearing assets and liabilities for the banking book. The sensitivity does not incorporate actions that could be taken by management to mitigate the effect of interest rate movements.

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

50. Financial risk management (continued)
(c) Market risk (continued)

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

	Total AED million	Up to 3 months AED million	3 months to 1 year AED million	1 to 3 years AED million	3 to 5 years AED million	Over 5 years AED million	Non-interest bearing AED million
Assets							
Cash and balances with central banks	214,404	164,098	36	-	-	-	50,270
Investments at fair value through profit or loss	56,028	19,529	21,037	7,190	586	1,858	5,828
Due from banks and financial institutions	23,724	17,268	3,493	-	472	-	2,491
Reverse repurchase agreements	69,661	23,978	24,610	19,988	1,085	-	-
Derivative financial instruments	45,893	-	-	-	-	-	45,893
Loans, advances and Islamic financing	528,897	392,418	68,062	44,500	17,984	5,933	-
Non trading investments securities	187,446	38,624	17,277	38,754	27,573	59,723	5,495
Other assets	49,440	-	-	-	-	-	49,440
Investment in associates	4,963	-	-	-	-	-	4,963
Investment properties	8,169	-	-	-	-	-	8,169
Property and equipment	4,683	-	-	-	-	-	4,683
Intangible assets	19,939	-	-	-	-	-	19,939
	1,213,247	**655,915**	**134,515**	**110,432**	**47,700**	**67,514**	**197,171**
Liabilities and equity							
Due to banks and financial institutions	71,896	40,649	6,382	77	18,403	-	6,385
Repurchase agreements	32,329	13,714	-	18,615	-	-	-
Commercial paper	17,888	13,517	4,371	-	-	-	-
Derivative financial instruments	53,758	-	-	-	-	-	53,758
Customer accounts and other deposits	782,379	495,965	127,655	14,819	143,790	150	-
Other liabilities	52,473	-	-	-	-	-	52,473
Term borrowings	64,788	16,142	5,926	18,133	12,085	12,502	-
Subordinated notes	6,861	32	-	-	6,829	-	-
Equity	130,875	-	-	-	-	-	130,875
	1,213,247	**580,019**	**144,334**	**51,644**	**181,107**	**12,652**	**243,491**
On statement of financial position gap		75,896	(9,819)	58,788	(133,407)	54,862	(46,320)
Off statement of financial position gap		(29,856)	39,320	8,630	22,584	(40,678)	-
Total interest rate sensitivity gap		**46,040**	**29,501**	**67,418**	**(110,823)**	**14,184**	**(46,320)**
Cumulative interest rate sensitivity		**46,040**	**75,541**	**142,959**	**32,136**	**46,320**	**-**

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

50. Financial risk management (continued)
(c) Market risk (continued)
Interest rate risk (continued)

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

	Total AED million	Up to 3 months AED million	3 months to 1 year AED million	1 to 3 years AED million	3 to 5 years AED million	Over 5 years AED million	Non-interest bearing AED million
Assets							
Cash and balances with central banks	233,390	194,898	143	-	-	-	38,349
Investments at fair value through profit or loss	45,209	15,259	22,149	2,054	457	577	4,713
Due from banks and financial institutions	25,266	20,871	96	-	104	-	4,195
Reverse repurchase agreements	78,504	25,746	33,158	16,434	3,166	-	-
Derivative financial instruments	46,421	-	-	-	-	-	46,421
Loans, advances and Islamic financing	483,954	349,717	58,748	43,342	26,794	5,353	-
Non trading investments securities	179,643	43,715	20,759	33,386	30,585	46,645	4,553
Other assets	41,332	-	-	-	-	-	41,332
Investment in associates	1,501	-	-	-	-	-	1,501
Investment properties	8,162	-	-	-	-	-	8,162
Property and equipment	5,115	-	-	-	-	-	5,115
Intangible assets	20,136	-	-	-	-	-	20,136
	1,168,633	650,206	135,053	95,216	61,106	52,575	174,477
Liabilities and equity							
Due to banks and financial institutions	71,528	59,822	4,351	-	213	-	7,142
Repurchase agreements	26,096	12,936	6,269	6,891	-	-	-
Commercial paper	19,659	13,826	5,833	-	-	-	-
Derivative financial instruments	51,002	-	-	-	-	-	51,002
Customer accounts and other deposits	759,863	462,430	132,775	19,033	145,525	100	-
Other liabilities	46,932	-	-	-	-	-	46,932
Term borrowings	63,939	14,239	3,703	20,275	13,485	12,237	-
Subordinated notes	4,191	-	-	-	4,191	-	-
Equity	125,423	-	-	-	-	-	125,423
	1,168,633	563,253	152,931	46,199	163,414	12,337	230,499
On statement of financial position gap		86,953	(17,878)	49,017	(102,308)	40,238	(56,022)
Off statement of financial position gap		22,911	15,643	4,303	(13,770)	(29,087)	-
Total interest rate sensitivity gap		109,864	(2,235)	53,320	(116,078)	11,151	(56,022)
Cumulative interest rate sensitivity		109,864	107,629	160,949	44,871	56,022	-

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

50. Financial risk management (continued)
(c) Market risk (continued)
Interest rate risk (continued)

Interest Rate Benchmark Reform

All loans, bonds and other balance sheet exposure in GBP, EURO, JPY and CHF have already transitioned to alternative risk-free rates ("ARRS") at 31 December 2024. For loans, bonds and other balance sheet exposures in USD, a small volume of transactions referencing synthetic USD dollar LIBOR remain, and will either mature, or transition, before the next repricing date after 31 December 2024.

(d) Operational risk
Operational risk is defined as the risk of losses resulting from inadequate or failed processes, people and systems or from external events.

FAB has implemented an effective operational risk management cycle to ensure robust risk oversight in line with its operational risk management policy, procedures, guidelines and governance framework. This cycle includes the identification, assessment, mitigation, control, and monitoring of Operational risks. Initially, operational risks are identified and categorized by business owners through Operational Risk Matrices, aligned with the Basel Accord. This assessment evaluates associated risks across all products, services, processes, projects, product channels, systems, and the bank's own or outsourced activities. This comprehensive approach enables proactive management and oversight of operational risks throughout the organization.

FAB operates under a 'three lines of defence' model for managing risk, forming the cornerstone of its risk management framework.

- The business units/support functions act as the first line of defence, owning and managing risks in day to day operations. By managing risks at the source, the first line of defence ensures that risks are controlled at the operational level and remain within the bank's risk appetite.
- The Risk management, compliance and oversight functions act as the second line of defence, providing framework, governance, advisory and independent layer of oversight, ensuring that the risks are managed within the risk appetite and in compliance with the applicable regulations.
- The independent internal audit function constitutes the third line of defence, providing assurance to the Board of Directors and senior management on the effectiveness of the bank's risk management, control, and governance processes.

By adopting the three lines of defence model, FAB ensures a robust and well governed risk management structure, providing clear accountability and transparency in managing the full spectrum of risks across the organization. This framework supports regulatory compliance and promotes a culture of risk awareness and ownership at all levels.

The Group has an established Operational Risk framework consisting of policies and procedures covering risk identification, assessment, treatment, monitoring and reporting. The Operational Risk framework also provides the interrelation with other risk categories. The Operational Risk Incident Management Framework is designed to ensure that all operational risk incidents including near misses, are identified, reported, analyzed, and remediated in a timely and structured manner. The framework ensures consistent treatment of incidents across all business units while promoting a proactive risk management culture.

Notes to the consolidated financial statements

For the year ended 31 December 2024

50. Financial risk management (continued)

(d) Operational risk (continued)

The Board of Directors holds ultimate accountability for the bank's risk management framework, ensuring that FAB operates within the approved risk appetite. The Board delegates specific oversight responsibilities to the Board Risk & ESG Committee (BRESGC) and other specialized committees as part of the governance structure. The Group Operational and Fraud Risk Committee (GOFRC) oversees operational risk, including fraud risks, across the FAB Group. The GOFRC ensures that operational and fraud risks are appropriately managed and controlled throughout the bank.

(e) Capital management

CBUAE regulations govern regulatory capital requirements for the Group; in addition, the overseas branches and subsidiaries may be directly supervised by their local regulators. The capital management process for the Group is linked to the overall business strategy to ensure that capital is adequate to the level of inherent risk in the business and within the firm's capital risk appetite The Group conducts capital planning in conjunction with the financial budgeting exercise.

The Board and top management define the long term strategic direction for the Group. This provides the framework for the development of a bottom-up plan based on the projections from individual business units. The bottom up plan is an input to the annual budgeting process and is conducted at a business unit and country level. These are consolidated for each business division and finally, for the entire Group. Business units, within each division, develop forecasted balance sheet and income statements for the next year, by considering the following key parameters:

- the short term (one year) goals
- risk appetite and strategy
- target growth rates
- target returns

The Group's capital management policies aim to ensure that it has sufficient capital to cover the risks associated with its activities and the allocation of capital across the Group. The assessment of the various risks across the Group and their likely impact is carried out in conjunction with the ICAAP undertaken annually. As part of the ICAAP process, Group Risk function identifies the various risks the Group is exposed to as part of its day to day operations. Next, the Group assesses these risks against the existing policies and procedures, frameworks and methodologies, contingency plans and other processes to measure, manage and mitigate the impact of such risks. Finally, the Group determines the capital requirements for the material risk exposures. The key objectives of the Group's capital management process are:

- Maintain sufficient capital to meet minimum capital requirement set by the CBUAE.
- Maintain sufficient capital to support Group's Risk Appetite and strategic objectives as per long term strategic plan.
- Maintain adequate capital to withstand stress scenarios including increased capital requirements determined through ICAAP.
- To support the Group's credit rating.

Notes to the consolidated financial statements

For the year ended 31 December 2024

50. Financial risk management (continued)

(e) Capital management (contniued)

The Group conducts regular stress test exercises to assess the resilience of the group to adverse market developments under stress scenarios. The risk factors are shocked using the assumptions made under the respective scenarios and the corresponding impact on the capital adequacy is determined. The Group uses various macroeconomic and idiosyncratic stress tests in order to project capital need and capital levels under various stress scenarios. The stress testing is perceived as an important tool in internal capital planning. The stress test result during 2023 shows that the Group has adequate capital even under adverse scenarios.

As part of the gradual introduction of Basel III in the UAE, and the accompanying standards entitled "Standards for Capital Adequacy of Banks in the UAE" which were published by the UAE Central Bank on 12 November 2020 by virtue of Notice No. CBUAE/BSD/N/2020/4980, FAB is required by the UAE Central Bank to maintain a minimum total capital adequacy ratio of 15.0 per cent. Included within this UAE Central Bank prescribed minimum total capital adequacy ratio, FAB, as a domestically systemic important bank ("D-SIB"), is required, effective from May 2024 to maintain a D-SIB buffer of 2.0 per cent of Common Equity Tier 1. A capital conservation buffer of 2.5 per cent. of Common Equity Tier 1 is also included within this minimum total capital adequacy ratio of 15.0 per cent. In addition to this minimum capital adequacy ratio, a counter-cyclical buffer is applicable to FAB, which is determined on the basis of the geographical distribution of credit exposures and the counter-cyclical capital buffer applicable in such jurisdictions.

In addition, the Central Bank of the UAE vide Notice no. CBUAE/BSD/N/2020/2016 dated 22 April 2020 allows banks to apply a prudential filter to IFRS 9 expected loss provisions. The prudential filter will allow any increase in IFRS 9 (Stages 1 and 2 only) compared to 31 December 2019 to be partially added back to regulatory capital. This will allow IFRS 9 provisions to be gradually phased-in over a five-year period until 31 December 2024. As per the CBUAE standards regarding the capital definition, the expected / proposed dividends are to be deducted from CET1. Consequently, the Capital Adequacy ratio as computed below takes into account the impact of proposed dividend.

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

50. Financial risk management (continued)
(e) Capital management (contniued)

	31 Dec 2024 AED million	31 Dec 2023 AED million
Tier 1 capital		
Ordinary share capital	11,048	11,048
Share premium	53,583	53,558
Retained earnings	46,171	36,393
Statutory and special reserve	13,084	14,099
General reserve and share option scheme	527	478
Fair value reserve	(2,299)	(1,185)
Non-controlling Interests	123	110
Foreign currency translation reserve	(4,844)	(2,925)
Less: Proposed dividend[1]	(8,286)	(7,844)
Eligible Tier 1 capital (a)	**109,107**	**103,732**
Deductions:		
Treasury shares	-	(7)
Deferred tax assets	(423)	(238)
Goodwill and Intangible assets	(20,996)	(21,986)
Other deductions	(166)	(270)
Total deductions	**(21,585)**	**(22,501)**
	87,522	**81,231**
Additional Tier 1		
Tier 1 capital notes	10,755	10,755
	98,277	**91,986**
Tier 2 capital		
Qualifying subordinated liabilities	6,510	3,899
Allowance for collective impairment	6,966	6,414
	13,476	**10,313**
Total regulatory capital base	**111,753**	**102,299**
Risk weighted assets:		
Credit risk	557,331	513,147
Market risk	35,614	36,310
Operational risk	46,629	37,992
Risk weighted assets	**639,574**	**587,449**
Ratios with transition impact:		
CET 1 ratio	13.7%	13.8%
Tier 1 capital ratio	15.4%	15.7%
Capital adequacy ratio	17.5%	17.4%

The Group and its overseas branches and subsidiaries have complied with all externally imposed capital requirements for all periods presented.

[1]The above capital adequacy ratios have been calculated in line with Basel guidelines and proposed dividends are subject to share holders' approval at the Annual General Meeting.

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

50. Financial risk management (continued)

(f) Country risk
Country risk is the likelihood of economic, social and political events in a foreign country negatively influencing the willingness or ability of state owned and/or privately owned customers in that country to pay their debts on time.

The Group undertakes a detailed qualitative analysis pertaining to country risk as a part of the business decision process. These factors include economic, stress testing of concentrated portfolios; various limits by country; country risk management committee, social and political stability in each country, the monetary policy, the foreign exchange control measure, the transparency of information, the financial and market structure, banking regulations and supervision, the legal system and the accounting standards among others. Country risks are monitored and controlled using country limits set by the Group; these limits are in accordance with overall business strategy, capital adequacy and provisions for potential risks, risk rating of each country, acceptable level of risk and business opportunities in each country.

(g) Strategic risk
Strategic risk refers to the risk of current or prospective impact on the Group's earnings, capital, reputation or standing arising from changes in the environment the Group operates in and from adverse strategic decisions, improper implementation of decisions or lack of responsiveness to industry, economic or technological changes. It is a function of compatibility of Group's strategic goals, strategies developed to achieve those goals, resources deployed to meet those goals and the quality of implementation.

The Group uses several factors to identify and assess impact of strategic risk on its books, including level of integration of risk management policies and practices in the strategic planning process, aggressiveness of strategic goals and compatibility with developed business strategies, capital support for the strategic initiatives to take care of earnings volatility, effectiveness of communication and consistency of application of strategic goals, objectives, corporate culture, and behaviour throughout the Group.

Strategic risks are monitored and controlled as part of the strategic planning process wherein the Group reviews the progress on strategic initiatives vis-à-vis the plan and considers whether the progress is in line with the plan and the external business environment. The strategic plan is periodically reviewed and updated subject to an approval process which is also a part of the strategic planning process.

(h) Compliance risk
Compliance risk is defined as the risk of legal or regulatory sanction, material financial loss, or loss to reputation the Group may suffer as a result of its failure to comply with laws, regulations, rules, related self regulatory organisation standards, or codes of conduct applicable to its banking activities.

Compliance risk is managed in accordance with a compliance risk management framework and within a defined risk appetite. The primary responsibility for managing compliance risk rests with the Group's first line businesses and enablement functions in accordance with the Group's three lines of defence risk and control model. The Group compliance function is a second line function and is responsible for overseeing the management of compliance risk and for the development of internal compliance risk frameworks and policies. Group compliance works in partnership with the risk management and legal functions and is overseen by Group Internal Audit.

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

50. Financial risk management (continued)

(i) Reputational risk

Reputational risk is the risk to earnings or capital arising from negative public opinion. This can be due to external or internal events.

The Group identifies and assesses reputational risk by clearly defining types of risks to be captured, establishing key sources of reputational risk it may be exposed to, based on individual circumstances, describing the risks identified in terms of the nature of risk and the potential consequences that the risks may bring to its reputation. The Group also refers to other relevant information for risk identification purposes. Such information may be sourced from media reports, stakeholder analysis reports, internal audit and compliance reports, management exception reports or other early warning indicators.

For reputational risks, apart from the regular monitoring of external and internal events that can result in possible reputational risks, the Group also has processes to track risks that may affect its reputation. These processes allow the BOD and senior management to take prompt corrective actions to address any anticipated reputational event in advance.

In order to manage reputational risks, the Group has set in place a mechanism that entails drawing up action plans to identify reputational risk events and facilitate subsequent monitoring of the progress made; for those risks that may be very difficult or too costly to eliminate entirely the mechanism requires development of contingency plans as response actions.

(j) Environmental, Social and Governance (ESG) risk

FAB is committed to embedding sustainability within the bank's organisational structure and conducting business in a responsible way. The bank's sustainability objectives and commitments are outlined in the Group's ESG Frameworks and Policies, which include the E&S Risk Framework, Sustainable Finance Framework, ESG Policy and E&S Risk Policy. FAB Group's E&S Risk Policy (ESRP) is aligned with the Enterprise Risk Management Framework. As part of its policies, FAB commits to identify, evaluate and manage environmental, social and governance (ESG) risks and opportunities in its lending portfolio. Also, key ESG risk metrics have been integrated within the bank's Risk Appetite Framework (for example: credit concentration to counterparties in high ESG risk sectors) and is monitored and presented to the relevant ESG Committees. To address the growing attention on climate risk, a standalone Climate Risk Framework and Policy were developed in 2024 to define FAB's approach, governance structure, and methodology to effectively manage climate risks in line with regulatory guidance.

(k) Climate related risk

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

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

51. Comparative figures

In the previous year, the Group classified gains and losses from certain hedging instruments under interest income or interest expense depending on whether the net impact was a gain or loss. In addition, for certain hedging instruments, the gains and losses were presented on a gross basis within interest income and interest expense respectively. Accordingly, the below amounts have been reclassified to reflect the nature of the hedging relationship. The effective portion of gains or losses on hedging instruments that hedge financial assets is presented in interest income and those that hedge financial liabilities is presented in interest expense.

Interest income from derivatives, previously classified under interest income from banks and financial institutions (year ended 31 December 2023: AED 3,864 million), has been offset with interest expense to banks and financial institutions (year ended 31 December 2023: AED 3,864 million) in the consolidated statement of profit or loss.

Interest income from derivatives, previously classified under interest income from banks and financial institutions (year ended 31 December 2023: AED 3,502 million), has been reclassified to interest income from non trading investment securities (AED 2,699 million), loans and advances (excluding Islamic financing) (AED 657 million) and reverse repurchase agreements (AED 146 million) in the consolidated statement of profit or loss.

Interest expense on derivatives, previously classified under banks and financial institutions (year ended 31 December 2023: AED 3,020 million) has been reclassified to interest expense to term borrowings (AED 2,050 million), customer accounts and other deposits (excluding Islamic customers' deposits) (AED 941 million), subordinated notes (AED 27 million) and commercial paper (AED 2 million) in the consolidated statement of profit or loss.

These presentation changes have no impact on the consolidated statements of financial position, other comprehensive income, changes in equity, or cash flows.

52. Subsequent events

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

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