CBI
البنك التجاري الدولي

SUPPORTING OUR CUSTOMERS, PEOPLE AND THE UAE COMMUNITY

Annual Report 2024

His Highness

Sheikh Mohamed Bin Zayed Al Nahyan

President of the United Arab Emirates and Ruler of Abu Dhabi

His Highness

Sheikh Mohammed Bin Rashid Al Maktoum

Vice President and Prime Minister of the United Arab Emirates and Ruler of Dubai

His Highness

Sheikh Saud Bin Saqr Al Qasimi

Supreme Council Member and Ruler of Ras Al Khaimah

His Highness

Sheikh Mohammed Bin Saud Bin Saqr Al Qasimi

Crown Prince of Ras Al Khaimah

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AT A GLANCE

Commercial Bank International (CBI) is a leading UAE bank dedicated to empowering businesses and individuals through innovative, personalised, and growth-focused banking solutions. Established in 1991 and headquartered in Dubai, CBI offers a diverse range of services, including corporate, retail, and Islamic banking solutions. Leveraging its innovative capabilities, CBI provides bespoke banking services to help clients achieve their ambitions. CBI is listed on the Abu Dhabi Securities Exchange (ADX) and is regulated by the Central Bank of the UAE (CBUAE) and the Securities and Commodities Authority (SCA).

In recognition of its client-centric culture and dedication to driving innovation in the banking sector, CBI has received numerous awards, including CEO of the Year (Middle East Banking) and Most Innovative Bank of the Year at the Middle East Banking AI & Analytics Awards. The Bank has also been honoured for outstanding innovation in technology and financial services, winning multiple Stevie Awards and the Gold Stevie Award for Innovation in Technology Development (Financial Services).

The Bank is majority-owned by UAE shareholders, and its Board of Directors benefits from strong representation of UAE nationals.

Gross Loans and Advances and Lending to Banks
AED 15.5 billion

Customer Deposits (Including Islamic Deposits)
AED 15.4 billion

Total Assets
AED 21 billion

FINANCIAL HIGHLIGHTS

2024 saw CBI achieve strong financial performance, driven by consistent profit growth and improved operational efficiency. These results highlight the Bank's dedication to creating sustainable value for its stakeholders.

Fitch BBB+
Stable Outlook

Net Operating Income
AED 703 million
(+29%)

Net Profit Before Tax
AED 222.7 million
(+30%)

Capital Adequacy Ratio
17.7%

CHAIRMAN MESSAGE

Saif Ali Al Shehhi
Chairman

> **While staying true to our core values of customer service and operational excellence, CBI has mobilised quickly to capitalise on a new growth journey during a year marked by an extraordinary number of new partnerships, MoU signings and investments in service of the UAE government's vision.**

Growth through innovation and partnership

2024 has proved to be milestone in CBI's ongoing development and marked the culmination of an intense, five-year process to determine the Bank's future direction and value proposition. This transformative year delivered an impressive performance, underscoring the success of our strategic initiatives.

In 2024, the global economy exhibited resilience amid various geopolitical and financial challenges. This stability was underpinned by robust performances in major economies, particularly the United States, which benefited from deregulatory policies and tax reductions. However, Europe faced economic headwinds, including potential US tariffs and internal challenges, leading to a more cautious outlook.

The UAE economy likewise demonstrated remarkable resilience and growth in 2024. The country's real GDP reached AED 880 billion in the first half of the year This growth was driven by a 4.4% expansion in the non-oil sector, reflecting the UAE's successful economic diversification efforts.

A primary driver of the refresh of CBI's strategy is our ambition to be a key enabler, and supporter, of the UAE government's vision to build a strong digital economy, and to position the nation as the region's leading innovation hub, in line with its broader economic diversification goals.

The timing is right. Against a backdrop of increasing competition and contraction in traditional markets, there is a pressing need to identify new sources of revenue. The virtual digital economy offers CBI extensive opportunities in a whole new world of finance, in virtual assets and AI.

Our strong performance underscores our ongoing transformation: total assets grew by an impressive 10%, customer deposits increased by 22%, significantly enhancing liquidity, and our capital adequacy ratio improved to 17.7%, reflecting a stronger equity position. These results highlight CBI's robust financial resilience and capacity to support future growth.

While we celebrate these successes, the Board has decided that, in line with our strategy of reinvesting in growth and innovation, the Bank will not be paying dividends this year. This decision reflects our commitment to building long-term value for shareholders and ensuring the Bank's continued ability to capitalise on emerging opportunities.

Building partnerships to drive growth

While staying true to our core values of customer service and operational excellence, CBI has mobilised quickly to capitalise on a new growth journey during a year marked by an extraordinary number of new partnerships, MoU signings and investments in service of the UAE government's vision.

These partnerships will drive our future growth and support in transforming our operating model and establishing CBI as a niche player with the agility and resources to enter new markets as a first mover with minimal risk.

Through new partnerships with governments and freezones, including RakDAO, RakEz, ADGM and DIFC Fintech Hive, we can more effectively support fintechs, AI companies, and virtual asset companies.

Notably, the leadership in Ras Al Khaimah (RAK) continues to play a pioneering role in promoting gaming, fintechs, and emerging industries, positioning the emirate as an alternative destination for innovation and new economic opportunities. This emphasis aligns closely with our objectives and underscores the importance of collaboration with such progressive regional initiatives.

Winning tech and AI awards

The Bank continued to garner non-financial awards, a powerful endorsement of the effectiveness of our refreshed strategy.

Of note were the two Gold Prizes in the Middle East Stevie's Awards and three AI related awards. These awards acknowledge the Bank's success in entering new, non-traditional banking sectors and are welcome recognition of our efforts.

CHAIRMAN MESSAGE

Continued

While much of our focus in the past year has been on identifying new growth opportunities, another highlight was the Board's approval of plans to put in place a full Environmental, Social and Governance (ESG) function and strategy.

2024 awards

Best Data-Driven AI Initiative in Credit Assessment for 2024	**Middle East Banking AI and Analytics Summit and Awards**
Outstanding Achievement in Metaverse Adoption	**FT.NFT Award Ceremony**
Gold Stevie Award for Innovation in Technology Development – Financial Services and Industries	**Middle East Stevie Awards 2024**
Gold Stevie Award for Innovation in Public Enterprise Events	**Middle East Stevie Awards 2024**
Bronze Stevie Award for Innovation in Technology Management, Planning & Implementation – Financial Services Industries	**Middle East Stevie Awards 2024**
Best Predictive Analytics AI Product 2024	**AI World Series**
Best Use Of AI In Risk 2024	**AI World Series**
Banking Innovators of the Year 2024	**MEA Markets – UAE Business Awards**
Most Innovative AI Credit Scoring Solution – UAE 2024	**International Finance Magazine**
Banking Innovators of the Year 2024	**Worldwide Finance Awards 2024**

As Chairman, it is pleasing to highlight CBI's growing maturity in embracing non-traditional banking and our commitment to change and diversification.

While much of our focus in the past year has been on identifying new growth opportunities, another highlight was the Board's approval of plans to put in place a full Environmental, Social and Governance (ESG) function and strategy.

With a team mobilised in Q4 2024, the appointment of a new Head of Sustainability, and some significant investments already made, CBI has signalled to its stakeholders a clear intention to become a sustainability-driven institution.

Acknowledgements

On behalf of the Board of Directors, I offer my gratitude for the guidance and strategic direction and wise counsel of our nation's leader, His Highness Sheikh Mohammed bin Zayed Al Nahyan, President of the UAE, and the leaders of the Emirates; His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai; His Highness Sheikh Saud bin Saqr Al Qasimi, Ruler of Ras Al Khaimah; and His Highness Sheikh Mohammed bin Saud bin Saqr Al Qasimi, Crown Prince of Ras Al Khaimah.

I also want to pay tribute to the hard work and exceptional commitment of CBI's executive management, and the whole workforce, in continuing to deliver excellent customer service and value for our shareholders.

CEO MESSAGE

Sustained transformation and strategic advancement

A year of strong growth and profitability saw CBI expand into new markets, embrace innovation and shed non-core assets to counter the shift in the banking and economic landscape.

To align CBI more closely with the UAE government's ambitions as the region's main innovation hub, and as a positive response to growing competition and some contraction in traditional banking, we reset our strategy and took further strides to transform the Bank in readiness for these new challenges.

It is a measure of the quality of our leadership and its ability to respond with speed and agility to these scenarios that CBI set a firm direction, with specific goals to future-proof the Bank and establish it as a niche specialist spearheading a move into exciting growth markets.

The refreshed strategy calls for a mix of partnerships and innovative technology to identify fresh revenue streams, using CBI's banking license to support fintechs and non-financial institutions in offering banking services, and to launch liability only, tailored propositions for innovation start-ups and companies, in partnership with governments, freezones, fintech companies and other strategic partners.

A year of growth

It is pleasing to report that 2024 was a year of healthy top and bottom line growth, resulting in a year-on-year jump in profit before tax, and a substantial uptick in customer deposits, which had a positive effect on CBI's capital and liquidity position.

CBI's profit before tax increased by 30% to AED 222.7 million (2023: AED 171 million). Gross loans and advances and lending to banks amounted to AED 15.5 billion (2023: AED 14.1 billion). Total assets of AED 21 billion (2023: AED 19 billion) were achieved by a strong capital adequacy ratio of 17.7% (2023: 15.2%).

Growing our loan book was one of the year's key areas of focus. By reviewing our existing portfolio and as a result of the continued buoyancy of the real estate market, we were able to resolve some existing legacy issues and realise gains.

Forging partnerships

One of the drivers motivating our partnerships is the ability to harness the specialist knowledge of new tech businesses in exchange for our extensive banking expertise and services.

Start-ups such as gaming, AI, virtual assets, 3D and holographic companies – in short, the target companies the UAE wants to attract to its tech and innovation hub – are generally underserved by the banking community.

However, by building offers for innovators that are not exclusively lending-based and working with partners willing to take some degree of risk if borrowing is a requirement, CBI can offer the complete banking service package.

In alignment with this, I am pleased to announce that the Central Bank of the UAE (CBUAE) has granted a No Objection Certificate (NOC) for the establishment of the CBI Innovation Lab, which is set to be based in DIFC. This facility will further support our efforts to harness innovation and foster collaboration with fintechs and AI enterprises.

CBI is proud to be a founding bank of the Haifin consortium, a blockchain-enabled platform designed to enhance efficiencies and security in trade finance.

We have also entered into a strategic partnership with e& enterprise and World Wide Generation (WWG) to support the UAE's goal of mobilising AED 1 trillion in sustainable finance by 2030. WWG, a sustainability assurance fintech company, is dedicated to delivering global solutions aligned with the UN Sustainable Development Goals (SDGs) and the Paris Agreement.

As part of our collaboration, CBI is co-creating a National Sustainable Finance Utility to support the UAE's sustainability objectives. Leveraging WWG's G17Eco Platform, we aim to enhance sustainability reporting and scale sustainable finance commitments. The agreement also focuses on driving innovation in digital sustainable financing products and policies to channel resources towards achieving the SDGs.

Ali Sultan Rakkad Al Amri
Chief Executive Officer

> **It is pleasing to report that 2024 was a year of healthy top and bottom line growth, resulting in a year-on-year jump in profit before tax, and a substantial uptick in customer deposits, which had a positive effect on CBI's capital and liquidity position.**

Meanwhile, an MoU with UK Financial Conduct Authority (FCA) registered company Zumo, an award winning digital-assets-as-a-service platform, puts CBI firmly on the path to becoming one of the world's first banks to provide carbon footprint insights with carbon offsetting for digital assets.

The agreement will enable the tracking of digital asset sustainability and support the nation's innovation hub aspirations. It is a major step by CBI to boost its presence in the innovation space, while devising cutting edge digital solutions for our clients.

As digital assets become further embedded into the financial ecosystem, customers and institutions now have the necessary tools and data to ensure their sustainability goals can be tracked and met.

In another UAE first for CBI, our strategic partnership with areeba, a global payment infrastructure provider, will bring secure, efficient payment infrastructure to local fintechs and further support the UAE's vision for a digitally enabled economy by accelerating the growth of the nation's digital payment ecosystem.

We are the first UAE bank to offer areeba's card and payment solutions to the country's fintechs to give them secure card management capabilities.

CBI's tech investments in 2024 included a venture investment in Boomitra, an Earthshot Prize winner and Forbes 2024 Most Influential Companies winner, which uses AI and remote sensing technology to help farmers and ranchers increase their soil carbon and yields and generate additional income through carbon credits. The investment underscored CBI's commitment to sustainability, focusing on impactful technology driven initiatives that benefit local communities.

CEO MESSAGE
Continued

WBG's net operating income in 2024 reached **AED 429.8 million**, with profits of **AED 82.3 million**, an increase of 27%.

RBG deposits remained steady at **AED 3.2 billion**.

CBI also invested in zypl.ai, a fintech start-up pioneering the application of generative AI in lending. zypl.ai's flagship software – zypl.score – enables financial institutions to optimise credit decision models across retail and SME portfolios through the generation of synthetic data.

Exceptional financial and operational performance

CBI's Wholesale Banking Group (WBG) and Treasury & Markets operations was, once again, the Bank's largest contributor to revenues, and enjoyed a solid year in 2024.

Among the year's highlights was our success in managing the cost of risk, and resolving legacy and non-performing loans, which served to put the Bank into positive credit territory and spurred top and bottom-line growth. The year was marked by a focus on growing our loan book.

WBG's net operating income in 2024 reached AED 429.8 million (2023: AED 316.4 million), with profits of AED 82.3 million (2023: AED 65 million), an increase of 27%.

Net loans and advances to customers (including Islamic financing) totalled AED 12.6 billion (2023: AED 11.5 billion) supported by our persistent focus on asset quality and leveraging new opportunities.

Other significant developments include our ongoing efforts to cultivate relationships with major players in the UAE's dynamic real estate market, further consolidating CBI's presence and strengthening our position in this key sector.

In one of the Bank's most significant capex projects of the year, our Treasury department launched a new FX aggregator software to enhance the efficiency and user experience of foreign exchange transactions. This innovative solution enables clients to book FX transactions directly on our platform in real time, offering a seamless and more efficient experience. The implementation of this technology reflects our commitment to leveraging innovation to improve client satisfaction and streamline operations.

Our Retail Banking Group (RBG) made notable progress in expanding its premium client base, resulting in a significant increase in affluent clients using our services. Despite a challenging environment, RBG prioritised strengthening client relationships and refining its offerings to meet their evolving needs. The relaunch of the CBI First card and the continued success of RBG's World Elite Exclusive (WEE) credit card for affluent clients highlighted the Group's commitment to enhancing its product offerings for premium customers. RBG deposits remained steady at AED 3.2 billion (2023: AED 3.2 billion).

Customer service with a human touch

CBI has always taken the view that, while technology is an important driver of efficiency, and we will continue to invest in it, there is still no substitute for personal interaction and engagement with major corporate decision-makers.

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A combination of the two, we believe, is the way forward and supports our strategic repositioning to move beyond traditional loan and deposit business to offer low-risk, premium services, with customer service at our core.

Therefore, CBI will always be a relationship driven bank, and our ongoing transformation, which embraces technology where it can enhance efficiency and strengthen our products and services, fully serves this objective.

Inspiring our talent

CBI continued to transform its HR function, focusing on leadership development and accelerating Emiratisation as the 2026 deadline approaches, marking it as the year's stand out achievement.

By year-end, our Emiratisation ratio reached 32%, positioning us firmly on track to achieve Emiratisation targets of 45% across the workforce.

A successful outreach programme put us face-to-face with thousands of receptive Emiratis interested in pursuing long-term careers in the banking and financial services sector, giving us a strong brand presence and positive word-of-mouth feedback.

Acknowledgements

The year's efforts on conservative provisioning, eliminating non-performing loans and leveraging our balance sheet more efficiently leaves us well-positioned to start 2025 with headroom for growth.

My executive management team joins me in offering the Bank's appreciation to the Central Bank of the UAE, to thank our partners there for working so collaboratively with us and for their contribution to such a positive relationship. The Chairman and Board of Directors also merit our unreserved thanks for their wise counsel and guidance.

I want to acknowledge our colleagues and partners in Ras al-Khaimah for the valuable insights they have shared with us in helping CBI to tailor banking products and services that address the needs and aspirations of the tech companies, innovators and entrepreneurs they are striving to attract to the Emirate.

Finally, I want to pay tribute to the dedication of the whole CBI team and their commitment to transforming CBI into the bank that it has become today for our customers, and as a place to work.

With the motivation of our customers and stakeholders encouraging us to perform even better, we are together redefining CBI less as a small bank, and more as a partnership-driven innovator that punches well above its weight.

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Board of Directors (As of 31 December 2024)

Saif Ali Al Shehhi
Chairman

Ali Rashid Al Mohannadi
Vice Chairman

Mohamed Ali Abdullah Musabbeh Al Nuaimi
Board Member

Mubarak Ahmad Bin Fahad Almheiri
Board Member

Maitha Saeed Al Falasi
Board Member

Ghaith Hammel Al Ghaith Al Qubaisi
Board Member

Salaheddin Almabruk AlMadani
Board Member

Fatma Ibrahim Al Baker
Board Member

Abdulaziz Khalid Jokhdar
Board Member

Executive Management (As of 31 December 2024)

Ali Sultan Rakkad Al Amri
Chief Executive Officer

Rajesh Arora
Chief Financial Officer

Randa Kreidieh
Chief Risk Officer

Evren Altiok
Chief Operating Officer

Hashem Mohammad Ali Abu-Hanak
Chief Credit Officer

Giovanni Everduin
Chief Strategy and Innovation Officer

Kumar Mahapatra
Executive Vice President, Wholesale Banking Group

Hassanain Ali
Executive Vice President, Retail Banking Group

Tawfiq Adnan Zuwayyed
Head of Legal

Hala Rawhi Al Safadi
Vice President, Corporate Secretariat and Investor Relations

David Abraham Pije
Head of Compliance

Ziad Abdelghani
Head of Internal Audit

OUR STRATEGY

OUR STRATEGY

Building on strengths, embracing new opportunities

At CBI, our strategy is anchored in a steadfast commitment to excellence, adaptation, and forward-thinking. We continue to evolve in response to an increasingly competitive market landscape and the innovative opportunities emerging from the visionary direction of UAE leadership. Our refreshed strategic approach builds on the foundational pillars established in 2019, aligning them with contemporary market dynamics to achieve a clear, refined value proposition.

Key pillars of our existing strategy

- **Reposition Retail Banking** to serve affluent clients with realistic market share, emphasis on upward mobility and wealth management
- **Focus Wholesale Banking** on a smaller number of corporates with attractive wallets, emphasising fair risk-adjusted returns, absolute income, capital discipline, and "house bank" aspirations
- **Rebalancing risk exposures**, by exiting low-end (mass) clients and activities, releasing capital and capacity to provide excellent service propositions, and acceptable risk-adjusted returns
- **Transform the operating model and structure of CBI**, by going digital, investing in people, brand, controlling costs and right sizing the network and sales forces

An increasingly competitive market and new opportunities driven by innovation required a refresh of our strategy and value proposition, building on existing pillars. From this, we have clearly articulated a refined Value Proposition to seize new opportunities and position the Bank for success in the market:

Our refined value proposition

To achieve sustainable success, we will be known as:

1 A Customer-Centric Service Provider

Pivot to low-risk, high value services beyond the traditional loan and deposit business. Outperform the market in being customer centric and delivery of a consistently great experience and efficient use of resources and capital.

2 A Focused Niche Specialist

Establishing CBI as a highly reputable, sought-after specialist for specific market segments, with a clear and focused definition of priorities and a relentless focus on customer needs and execution.

3 A Partnership-Driven Innovator

Utilising partnerships, innovative technology and structured experimentation to establish CBI as a disruptive force that can quickly enter new markets and/or capitalise on emerging opportunities.

Evolving to achieve success

CBI's refreshed strategy is not just about adaptation—it is about transformation. By combining our proven strengths with forward-thinking initiatives, we aim to redefine our role in the financial ecosystem. Our focus on innovation, customer-centricity, and strategic partnerships ensures that we remain agile and well-positioned to seize opportunities, deliver value to stakeholders, and achieve sustainable success.

BUSINESS REVIEW

BUSINESS REVIEW

WHOLESALE BANKING GROUP AND TREASURY & MARKETS

The Bank's Wholesale Banking Group (WBG) operations enjoyed a solid year in 2024, set against a backdrop of high interest rates, strong liquidity, effective cost management, improved provisions and an overall market momentum, all of which resulted in significant profits for the Bank.

With the current high-interest rate environment, WBG faced a direct challenge from larger banks that have reduced interest rates, while the infusion of liquidity impacted the asset growth of smaller banks. Despite these challenges, WBG was still able to deliver strong profits through a multipronged strategy built around strong liquidity management, effective management of the asset quality, control over costs and excellent customer service.

WBG's strategy also involved repricing and pre-paying highly priced borrowings, which had a positive impact and contributed to the Bank's best year to date in terms of net margins.

Steady profit growth

WBG maintained its record of strong profitability, with profits rising 27% to AED 82.3 million (2023: AED 65 million), and net operating income reaching AED 429.8 million (2023: AED 316.4 million).

Net loans and advances to customers (including Islamic financing) amounted to AED 12.6 billion (2023: AED 11.5 billion), supported by our persistent focus on asset quality and leveraging new opportunities.

The year was marked by a focus on growing our loan book with a strong emphasis on building high-quality assets. WBG undertook a thorough review of the existing portfolio, monetised assets and restructured some of the stressed portfolio.

Riding the real estate wave

WBG continued its diversified lending across all areas of the economy including the UAE's real estate sector, especially in Dubai, which was one of the year's key highlights. We continued to cultivate relationships with esteemed entities in this industry to consolidate CBI's presence in this dynamic market.

Meanwhile, WBG expanded its product suite last year by introducing more working capital financing solutions, including receivable financing in the form of factoring (with recourse). This development was a direct result of the strength and longevity of our client relationships, coupled with the insights gained into their working capital cycles, such as the sales and payment terms of their underlying businesses.

Our factoring offering has been well-received and is now fully embedded as a value-added service within WBG.

Supporting entrepreneurs

CBI has long championed entrepreneurship and economic opportunity, particularly in the growing fintech sector. In this context, our new partnership with Emirates Development Bank's Credit Guarantee Scheme, for a joint credit guarantee programme to provide SMEs with crucial access to finance, marks a significant alignment with the UAE's long-term economic vision, in which SMEs are a pillar of a diverse and growing economy.

Treasury opportunities amid interest rate pressures

Our Treasury & Markets operation continued to create value for the Bank, thanks to efficient management of our liquidity and cost of funds.

In 2024, Treasury's primary focus was on managing liquidity efficiently and lowering the cost of funds, which allowed CBI to offer forward lending in an economy where liquidity levels could shift rapidly. While the high-interest rate environment continued to affect the cost of funding and the interest income from lending, it also presented opportunities for the Treasury team to reprice our liability book.

In one of the Bank's most significant capex projects of the year, our Treasury department launched a new FX aggregator software to enhance the efficiency and user experience of foreign exchange transactions. This innovative solution enables clients to book FX transactions directly on our platform in real time, offering a seamless and more efficient experience. The implementation of this technology reflects our commitment to leveraging innovation to improve client satisfaction and streamline operations.

Focus areas

WBG aims to focus on enhancing revenue in the year ahead by expanding the asset base, building loan book momentum, and improving asset quality. However, asset growth in a highly competitive market remains an important challenge. To address this, we will continue our focus on engaging more meaningfully with our client base and tapping into new, bankable industry opportunities that offer a favourable risk-reward potential.

We also aim to provide ongoing support to the traditional business sectors, while also exploring partnerships with tech and other emerging businesses, which could potentially open up new revenue streams for future growth and profitability.

BUSINESS REVIEW

RETAIL BANKING GROUP

Concerted efforts by CBI's Retail Banking Group (RBG) to attract premium quality clients reaped rewards, with RBG significantly outperforming its results of recent years and doubling the number of affluent clients.

Major contributors to this success were the refresh and relaunch of the CBI First card and the continued success of CBI's World Elite Exclusive (WEE) credit card, a by-invitation-only product in partnership with Mastercard and designed exclusively for affluent clients. CBI First clients are now accountable for a major component of RBG's business, in terms of revenues.

RBG made notable progress in expanding its premium client base, resulting in a significant increase in affluent clients using our services. Despite a challenging environment, RBG prioritised strengthening client relationships and refining its offerings to meet their evolving needs. RBG experienced a decrease in assets due to the strategic exit from unprofitable relationships; however deposits remained steady at AED 3.2 billion (2023: AED 3.2 billion).

Improving efficiency and the client experience

RBG's technological transformation has made further progress in 2024. In keeping with our relationship-driven banking style, we made significant enhancements to existing processes, and implemented initiatives designed to improve our efficiency and to continue offering the exceptional, human-centric customer service on which we pride ourselves.

These initiatives included a new credit scoring system designed to shorten client complaint turnaround times and support better decision-making. In 2024, RBG's complaint resolution performance was exceptional, achieving overall resolution rates of 88% for in-branch complaints and 92% for complaints to call centres within the timeframes set by the Central Bank of the UAE (CBUAE). Notably, resolution rates for the last quarter reached an impressive 96%, highlighting significant progress.

Strong home loan growth

Home loan new sales accounted for a sizeable amount of new loans booked during 2024 and remain a focus area for the business.

With the slight fall in interest rates in Q4, RBG was better placed than in the two previous years and rose to the pricing challenge with some competitively priced products, which clearly resonated positively with the market.

Real estate looks well-positioned to continue its spectacular growth, with the UAE's residential sector including Ras Al Khaimah and Dubai, in particular, showing no sign of running out of steam.

Focus areas

Looking ahead to 2025, we will focus on home loans and card business, which grew at a robust pace in 2024, and on expanding our client base organically by attracting new clients to our CBI First segment. Our review of branch locations is an ongoing process and always with a view to giving our clients better access and experiences.

RBG's journey toward becoming a premium retail banking operation is now well under way and several of the building blocks bringing about this transformation are already in place.

We have shifted our focus from mass market quantity, to cultivating relationships with targeted affluent clients who meet our criteria and, importantly, who could benefit from our expertise, as well as our tailored products and services.

We now offer premium retail banking services, spearheaded by our CBI First and WEE cards, along with competitive lending offers.

RBG aims to build on these successes, with a view to adding value to our shareholders and growing our contribution to CBI's reputation and bottom line.

OUR PEOPLE

OUR PEOPLE

The major transformation of CBI's Human Resources (HR) function continued during 2024 with a particular emphasis on leadership and development, culture, learning, compensation and Emiratisation.

While we worked to strengthen all these areas, we intensified our focus on Emiratisation in alignment with UAE government initiatives, including NAFIS and the Central Bank of the UAE.

An Emiratisation success story

CBI's bank-wide Emiratisation effort stood out as a key highlight in a pivotal year for HR's development.

At the start of the year, Emiratis made up 27% of our workforce, with an ambitious target to increase this to 32% by year-end. We were able to successfully achieve this milestone, reflecting the collective dedication of our entire organisation, extending beyond HR, as well as the unwavering support of our Board of Directors and the CEO.

Achieving our Emiratisation targets aligns CBI with the Central Bank of the UAE's commitments and the national agenda in this area, namely, to achieve Emiratisation targets of 45% across the workforce.

Our efforts to achieve Emiratisation targets have been strengthened by the success of our outreach programme, which plays a key role in attracting Emiratis to join CBI. By participating in careers fairs and organising recruitment events at leading local universities, we've benefitted from direct engagement opportunities with thousands of motivated young Emirati talents interested in pursuing long-term careers in banking and financial services.

Our strong presence at these events has given prominence to CBI, helping us build a healthy pipeline of Emirati talent ready for key roles. This engagement has also boosted CBI's reputation as a supportive and forward-thinking employer, strengthened further through positive word of mouth.

At CBI, we are recognised for fostering an environment that prioritises professional development, long-term career growth, and meaningful opportunities for advancement.

Driving growth through people and purpose

The CBI story is one of measured expansion. As a focused and dynamic bank, our growth strategy prioritises thoughtful talent acquisition. We are committed to a rigorous recruitment approach, ensuring each hire aligns with our organisational goals and contributes meaningfully to our success.

With more effective hiring and exceptionally talented professionals joining CBI, we have achieved consistent year-on-year growth and stronger results, a ringing endorsement of the calibre of our people and the effectiveness of our leadership team.

Learning and development is key

CBI's success in attracting and developing the right talent can mainly be attributed to three factors; our strong organisational culture that fosters meritocracy and high performance, a supportive learning and development environment that shapes clear career paths for employees, and our competitive total rewards package, including well designed schemes and compensation, benchmarked against industry leaders.

While this has placed us in a competitive position in our industry, we remain committed to offering our employees more, beginning with opportunities for professional certification.

A significant number of CBI employees are now professionally certified, thanks to our collaboration with the Emirates Institute of Finance (EIF). Supported by the Central Bank of the UAE, EIF plays a key role in training and certifying freshly graduated UAE nationals.

Key functions in CBI, such as risk, compliance, credit and HR, have achieved high levels of professional certification. Ongoing staff development is further supported through self-learning platforms such as LinkedIn Learning, edX, and other world-class universities and companies.

Nurturing growth through talent development

In 2024, CBI reinforced its commitment to fostering a dynamic and inclusive learning culture, achieving a remarkable 13,506 training hours, averaging 29 hours per employee. UAE nationals completed 3,794 hours with an average of 26.5 hours per individual, further reflecting our dedication to national talent development. A total of 36,164 training sessions were conducted, with UAE nationals contributing 16,812 hours, representing 46% of the overall training hours. To support structured career growth, Employee Development Plans were introduced for *Ethraa* graduates, aligning their skills with organisational needs. Over 200 learning pathways were established through LinkedIn Learning and EIF, complemented by engaging initiatives like LinkedIn Learning Challenges and Top Learner awards. In collaboration with the IESE Business School of Spain, 32 senior leaders successfully implemented impactful 100-day action plans post-graduation. Continuous learning was further encouraged through 35 Brown Bag Sessions, informal learning events designed to foster knowledge sharing and collaboration, during which 658 colleagues explored diverse topics such as generative AI, leading and performing, the working capital cycle, handling difficult conversations, and the virtual economy. Professional growth was further supported with 542 EIF and 80 professional certifications, while the *Hayakum to CBI* induction programme ensured a seamless onboarding experience for 70 new team members. Refresher sessions on critical topics like risk, regulatory compliance, and financial crime compliance enhanced knowledge across 21 sessions.

With mandatory training completion at 98%, the Learning Culture Survey highlighted significant achievements. It showed that 92% of staff are enthusiastic about learning, 94% recognise its positive impact on productivity, and 86% value the availability of opportunities. Strong leadership support continues to drive engagement and retention, fostering a thriving culture of growth and development across the organisation.

Focus areas

The coming year will be marked by a strong focus on Emiratisation as we progress towards our 2026 targets. Our mission will centre on placing Emirati hires in critical positions where they can thrive, remain competitive and flourish in the CBI's meritocratic culture.

We are committed to exploring new technologies and AI with a clear focus on enhancing our operations and delivering meaningful benefits to our customers and employees. To achieve this, we will continue to actively collaborate with partners and strategically invest in solutions that align with our vision for continuous innovation and growth.

Advancing our learning and development programmes for employees is a cornerstone of our retention and succession planning strategies: a healthy pipeline of the next generation of middle and senior managers is vital to CBI's long-term success.

Our commitment to enhancing our workforce's learning and development is unwavering. Our partnerships with globally recognised institutions such as the IESE Business School and Harvard University reflect our dedication to investing in our employees, ensuring they acquire the knowledge and skills necessary for personal and organisational success.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

1. Chairman Statement

On behalf of the Board of Directors, I am pleased to present CBI's Corporate Governance Report for 2024. Commercial Bank International (CBI) places a strong emphasis on the effective implementation of corporate governance practices aligned with international standards and local regulations, seamlessly integrating them into the Bank's organisational culture. CBI attributes its long-term success to the meticulous execution of key strategies, supported by the Board's unwavering commitment to maintaining the quality, integrity, and transparency of financial reporting.

CBI's success is grounded in its belief that corporate governance is pivotal in fostering trust among all stakeholders, particularly minority shareholders. This trust is reinforced through enhanced transparency in ownership and control, alongside robust monitoring systems for strategic business management. The Board of Directors and Executive Management consider corporate governance an indispensable foundation for building and sustaining shareholder confidence.

The Board also takes pride in CBI's achievements throughout 2024, not only in financial performance but also in its non-financial accomplishments. The Bank's efforts in innovation and sustainability have garnered significant external recognition, earning seven prestigious awards. These accolades highlight CBI's commitment to excellence, innovation, and its steadfast focus on delivering value to stakeholders while driving sustainable growth.

The Board of Directors continues to oversee the overall governance framework, ensuring adherence to corporate governance principles. It actively promotes institutional values, policies, and internal procedures applicable to all members, including the Executive Management and employees, thereby embedding a culture of accountability and ethical behaviour across the Bank.

CBI remains committed to continuous improvement, regularly reviewing and updating its policies in key areas such as corporate governance, risk management, internal controls, compliance, internal audit, financial reporting, external audit, and outsourcing. These reviews ensure that policies align with current regulatory requirements and industry best practices. Updates or amendments to existing policies are subject to approval by the Board or relevant Board committees, underscoring CBI's dedication to maintaining the highest standards of corporate governance and regulatory compliance.

Saif Al Shehhi (Jan 29, 2025 17:22 GMT+4)
Mr. Saif Ali Al Shehhi
Chairman of the Board

Mr. Ali Rashid Al Mohannadi
Vice Chairman and Chairman of the Board Nomination & Remuneration Committee and Board Executive Committee

Mohamed Alnuaimi (Jan 30, 2025 11:19 GMT+4)
Mr. Mohamed Ali Musabbeh AlNuaimi
Chairman of the Board Audit Committee

Mubarak bin Fahad (Jan 29, 2025 15:36 GMT+4)
Mr. Mubarak Bin Fahad Al Mheiri
Chairman of the Board Risk Committee

2. CBI's Approach to Corporate Governance

To achieve the corporate governance objectives at CBI, a collective commitment is made by the Board of Directors, Executive Management, and all employees. This commitment is grounded in the governance principles outlined in the Board and Board Committees Charters, the Bank-wide Code of Conduct, and the Management Committees Terms of Reference, along with other related Corporate Governance policies.

CBI adheres to corporate governance standards that align with the prevailing UAE laws and regulations. The Bank operates within the regulatory framework established by the Central Bank of the United Arab Emirates (CBUAE) and the Securities and Commodities Authority (SCA).

Within the organisational structure of CBI, a comprehensive set of corporate governance policies and procedures are in place. Clear demarcation exists between the roles and responsibilities of the Board of Directors and those of the Executive Management. The Board assumes a supervisory role, overseeing the Bank and providing strategic direction through the approval of key policies, strategic initiatives, and objectives. Meanwhile, the day-to-day operations are entrusted to the Chief Executive Officer (CEO) and the Executive Management Team.

In 2024, CBI further strengthened its Corporate Governance Framework through a series of initiatives, ensuring continuous updates to policies and procedures. These efforts established a comprehensive framework to effectively oversee CBI's operations. Notable enhancements included improvements to senior management succession planning and its related policy, as well as refinements to the Bank's Compensation Policies to promote fairness, transparency, and alignment with regulatory requirements.

3. The Board of Directors ("Board")

The Board of CBI adopts a proactive and engaged approach to governance, exemplified by its commitment to holding at least six scheduled meetings annually. These meetings serve as pivotal forums for the comprehensive review, analysis, and approval of critical aspects that shape the Bank's operations, financial performance, and long-term strategy.

A cornerstone of the Board's oversight is the scrutiny and endorsement of the annual budgets, which play a vital role in defining the financial direction of CBI. This process includes a detailed evaluation of capital expenditures, ensuring that investments align with the Bank's growth objectives and sustainability goals. Alongside budget approvals, the Board dedicates significant attention to assessing and endorsing strategic and business plans, which lay the groundwork for the Bank's future initiatives and competitive positioning in the market.

Equally important, the Board meticulously reviews the periodic financial results of CBI during its meetings. This allows for a thorough understanding of the Bank's financial health, enabling the identification of strengths and prompt resolution of any emerging challenges. Moreover, the Board's review of both new and updated policies demonstrate its commitment to fostering a dynamic and resilient risk management framework that aligns with industry best practices and regulatory requirements.

Beyond these core responsibilities, the Board plays a crucial role in steering the Bank towards achieving its strategic goals and objectives. This adaptive governance approach underscores the Board's dedication to the Bank's sustained success.

In the area of internal control, the Board ensures the establishment and maintenance of a robust system designed to safeguard the Bank's assets and operations. This encompasses defining the Bank's risk appetite, ensuring regulatory compliance, maintaining financial controls, and overseeing the activities of the Internal Audit function. By fostering a culture of accountability and vigilance, the Board not only protects stakeholder interests but also reinforces the Bank's reputation for integrity, transparency, and operational excellence.

Collectively, the Board's multifaceted responsibilities reflect its unwavering commitment to upholding the highest standards of corporate governance. Through its diligent oversight, strategic foresight, and adherence to best practices, the Board ensures that CBI remains well-positioned to navigate challenges, seize opportunities, and deliver sustainable value to its stakeholders.

CORPORATE GOVERNANCE
Continued

3.1 Board of Directors Structure

In compliance with CBI's Articles of Association, nine directors of the Board are elected or nominated for a term of three years, renewable for the same period as per the Board-approved Nomination Policy. The Board is vested with the authority to oversee the Bank's operations, ensuring they align with the best interests of its stakeholders and comply with regulatory requirements. The Board establishes the Bank's objectives, strategies, and policies, oversees business performance, and offers direction and oversight to the Bank's senior management.

Directors are required to possess the necessary expertise and skills that qualify them to perform their duties in the best interest of the Bank. They are also committed to dedicating the requisite time and attention to fulfilling their responsibilities throughout their tenure. This structured and transparent nomination process ensures that the Board maintains the capabilities required to provide effective oversight and governance.

3.2 Board Composition and Size

At the Annual General Meeting (AGM) held on 28 February 2023, nine distinguished individuals were formally appointed to the CBI Board. These appointments received the requisite approval from the CBUAE, underscoring the collective expertise and diverse capabilities of the new Board members. The Board's composition includes five independent directors, representing 56% of its members, thereby ensuring balanced and objective decision-making in compliance with regulatory standards. Additionally, four non-independent directors represent Qatar National Bank (QNB), CBI's major shareholder, facilitating alignment between the Bank's strategic objectives and shareholder priorities.

CBI's Board embodies diversity across expertise, age, and gender. Two female directors constitute 22.2% of the Board, reflecting the Bank's commitment to gender inclusivity. The Board also features a balanced age distribution, with 55.5% of directors aged between 30 and 50 years and 44.5% aged over 50 years. This mix provides a combination of fresh perspectives and seasoned experience, ensuring well-rounded governance.

The Board members possess a rich array of skills, including, but not limited to, financial expertise and proficiency in various related fields. Their collective knowledge and experience form a solid foundation for steering CBI through the intricacies of the financial landscape. This diverse skill set ensures that the Board is well-equipped to navigate challenges, make informed strategic decisions, and uphold the highest standards of governance.

Each Board member owes CBI the fiduciary duties of care, confidentiality, and loyalty as per the rules set out in related laws and regulations. Board members act on an informed basis, in good faith, with due diligence and in the best interests of CBI and all shareholders, effectively fulfilling their responsibilities towards CBI.

3.3 Board Development

CBI prioritises the ongoing development of its directors, providing them with access to external expertise and resources. The Bank collaborates with leading institutions to ensure that directors continually enhance their skills and remain updated on best practices.

In 2024, the Bank implemented targeted training programmes on critical topics such as Environmental, Social, and Governance (ESG) integration and Anti-Money Laundering (AML) practices. These programmes were designed to enhance the Board's understanding of emerging challenges, regulatory priorities, and governance best practices.

3.4 Members of the Board of Directors

Name	Position	Date of appointment	Brief profile
Mr. Saif Ali Al Shehhi (Independent, Non-Executive)	Chairperson	26 July 2020 as a member of Board and 2 November 2020 as Chairperson (re-appointed on 28 February 2023)	Mr. Al Shehhi has previously held board positions at Abu Dhabi Investment Company, ADIB International Washington DC, Etihad Credit Insurance, Mastercard, National Takaful Company, and Visa International, as well as executive management positions in Aafaq Islamic Finance and National Bank of Abu Dhabi. He has also served as the Head of Foreign and Local Banks at the CBUAE. Mr. Al Shehhi holds a BA in Management and Technology from the Central New England College in Worcester, Massachusetts (United States).
Mr. Ali Rashid Al Mohannadi (Non-Independent, Non-Executive)	Vice Chairperson	30 March 2020 (re-appointed on 28 February 2023)	Mr. Al Mohannadi is currently the Executive General Manager and Chief Operating Officer of Qatar National Bank. He is the Chairman of QNB Alahli (Egypt) and previously served on the Boards of QNB Finansbank and QNB Tunisia. Mr. Al Mohannadi holds a BSc in Computer Science from Qatar University (Qatar).
Mr. Mubarak Bin Fahad Al Mheiri (Independent, Non-Executive)	Member	30 March 2020 (re-appointed on 28 February 2023)	Mr. Al Mheiri is a highly accomplished entrepreneur, particularly renowned in the restaurant industry. He currently serves as a board member of Arqaam Capital and Seera Investment Bank. He has previously held executive management positions at Al Khaleej Investment, the Dubai Department of Tourism and the Dubai World Trade Centre. Mr. Al Mheiri holds an MBA in Strategic Management from Birmingham University (United Kingdom) and a BSc in Finance, Insurance and Management from Northeastern University in Boston (United States).
Mr. Mohamed Ali Musabbeh Al Nuaimi (Independent, Non-Executive)	Member	24 March 2021 (re-appointed on 28 February 2023)	Mr. Al Nuaimi is currently the Chairman of RAK Chamber, and a board member in RAK Properties and RAKEZ. He has previously held board positions and executive management roles at Mawarid Finance and the National Bank of Dubai. Mr. Al Nuaimi holds a BA in Business Management from Newbury College in Brookline, Massachusetts (United States).

CORPORATE GOVERNANCE
Continued

Name	Position	Date of appointment	Brief profile
Dr. Ghaith Hammel Al Ghaith Al Qubaisi (Independent, Non-Executive)	Member	30 March 2020 (re-appointed on 28 February 2023)	Dr. Al Qubaisi is a renowned businessman. He currently serves as a member of the National Consultative Council and as a board member of Al Ain Al Ahliya Insurance Company and Al Ghaith Holding. Dr. Al Qubaisi holds a PhD in Business Management from Cambridge International College (United Kingdom).
Ms. Maitha Saeed Al Falasi (Independent, Non-Executive)	Member	30 March 2020 (re-appointed on 28 February 2023)	Ms. Al Falasi is an Investment Adviser with several international investment companies and a commodity hedge fund. She served for nine years as the Director of Asset Management at DIFC, overseeing 12 investment funds including Art Dubai and Smart Stream. She has also previously held executive management positions at DIFC Investments and a director position on eight multinational boards. Ms. Al Falasi holds an Executive MBA in Finance and Business Leadership from London Business School (United Kingdom) and is a certified Corporate Governance director from Hawkamah (UAE). In 2020, Ms Al Falasi was nominated as a member of the Order of the Party Guelfa in Italy; she is a Guelph Senator and has been coronated as "Lady".
Mr. Salaheddin Almabruk AlMadani (Non-Independent, Non-Executive)	Member	25 April 2022 (re-appointed on 28 February 2023)	Mr. AlMadani is currently the Senior Vice President/Regional Credit at QNB and a board member of QNB Tunisia. He has previously held management roles in Qatar National Bank. Mr. AlMadani holds a BSc in Accounting and Finance from the American University of Sharjah (UAE).

Name	Position	Date of appointment	Brief profile
Mrs. Fatma Ibrahim Al Baker (Non-Independent, Non-Executive)	Member	28 February 2023	Mrs. Al Baker is currently the Executive Vice President – Infrastructure Services at QNB Group and previously headed Application Development for seven years. Mrs. Al Baker holds a Programming Diploma from College of the North Atlantic in Doha (Qatar).
Mr. Abdulaziz Khalid Jokhdar (Non-Independent, Non-Executive)	Member	28 February 2023	Mr. Jokhdar is currently the Chief Executive Officer of QNB – KSA. He holds an MBA from Stetson University (United States) and a BA in Finance from the University of Central Florida (United States).

Note: There were no resignations or new appointments of Board members during 2024.

3.5 Board Appointment of the Company Secretary

The Board of Directors appointed Ms. Hala Al Safadi as the Company Secretary in April 2020. In this role, she serves as the primary interface between the Board of Directors and Executive Management, ensuring seamless communication and facilitating transparency across all governance activities. Ms. Al Safadi is also a key point of contact for corporate governance matters with the CBUAE and the SCA. She is responsible for overseeing Board-related corporate governance matters, ensuring alignment with regulatory requirements, and upholding the highest standards of governance at CBI.

Ms. Hala Al Safadi brings over 13 years of extensive experience in corporate secretarial and legal roles within the financial services sector, showcasing her deep expertise in corporate governance. She began her career at Emirates NBD PJSC, where she held various key positions in corporate secretarial and legal functions. Her tenure there provided her with a strong foundation in governance practices and financial services, which she has further honed since joining CBI in 2019.

She holds a BA in English Language and Translation from Petra University in Amman, Jordan. She is a Certified Board Secretary from the Hawkamah Institute for Corporate Governance and holds an executive certification in Corporate Governance from INSEAD. Additionally, she has completed a leadership certification from IESE Business School, further enhancing her governance and leadership acumen.

hala.alsafadi@cbi.ae

CORPORATE GOVERNANCE
Continued

3.6 Board Meetings

In 2024, the Board of Directors held six (6) meetings:

Board Member	15 Jan	2 May	25 Jul	19 Sep	24 Oct	13 Nov
Mr. Saif Ali Al Shehhi	√	√	√	√	√	√
Mr. Ali Rashid Al Mohannadi	√	√	√	√	√	√
Mr. Mubarak Ahmad Bin Fahad Al Mheiri	√	√	√	√	√	√
Mr. Mohamed Ali Musabbeh Al Nuaimi	√	√	√	√	√	√
Dr. Ghaith Hammel Al Ghaith Al Qubaisi	√	x	√	√	√	√
Ms. Maitha Saeed Al Falasi	√	√	√	√	√	√
Mr. Salaheddin Almabruk AlMadani	√	√	√	√	√	√
Ms. Fatma Ibrahim Al Baker	√	√	√	√	√	√
Mr. Abdulaziz Khalid Jokhdar	√	√	√	√	√	√

With regards to decisions made via circulation in 2024, the Board of Directors approved 23 business-related decisions via circulation, all of which were subsequently ratified by the members during the following Board meetings.

3.7 The Committees of the Board

CBI's governance framework is reinforced by specialised committees, each governed by Board-approved Terms of Reference to ensure clear mandates and effective oversight. These include the Board Audit Committee, Board Risk Committee, Board Credit Committee, Board Nomination and Remuneration Committee, and Board Executive Committee. Each committee plays a vital role in supporting the Board's oversight of critical areas such as financial reporting, risk management, credit decisions, nominations, ESG, and strategic planning.

The effectiveness of these committees is evaluated annually to ensure they fulfil their responsibilities and strengthening the Bank's governance framework. Their performance is assessed against their respective Terms of Reference, with the results informing ongoing improvements in their operations and contributions.

3.7.1 Board Audit Committee (BAC) – Key Activities in 2024

As Chairperson of the Board Audit Committee (BAC), I am pleased to share our Committee's significant contributions in 2024 towards maintaining the highest standards of financial integrity, governance, and accountability at CBI. The BAC convened six times during the year to fulfil its mandate, ensuring the accuracy of financial reporting, the robustness of internal controls, and compliance with regulatory requirements.

A key area of focus was the review and recommendation of quarterly financial statements. These reviews were conducted with meticulous attention to accuracy, transparency, and alignment with regulatory standards. The Committee also engaged extensively with the Internal Audit department, reviewing their reports, providing strategic direction on key observations, and ensuring the department was equipped with the resources needed to carry out its responsibilities effectively.

The BAC played a critical role in addressing findings from the CBUAE's baseline and thematic reviews. By reviewing and ratifying action plans and closely monitoring their implementation and validation, the Committee reinforced CBI's commitment to regulatory excellence and accountability.

In addition to its core responsibilities, the BAC reviewed reports on special assignments conducted by Internal Audit, ensuring that appropriate corrective actions were taken promptly. We also oversaw the implementation of CBUAE directives, contributing to a robust compliance framework.

The independence and performance of external auditors were another priority for the BAC. The Committee rigorously evaluated their qualifications, performance, and outputs while engaging with Management, Internal Audit, and external auditors to assess the effectiveness of the Bank's control mechanisms comprehensively.

Where special investigations were required, the BAC assumed a proactive oversight role, reflecting our unwavering commitment to transparency and accountability. Through these efforts, the BAC has strengthened CBI's financial and operational integrity, safeguarding the interests of all stakeholders.

Looking ahead, the BAC remains steadfast in its mission to uphold the highest standards of governance and regulatory compliance, ensuring that CBI continues to excel in an evolving financial landscape.

BAC Meetings held during 2024

Name of Member	Position	15 Jan	5 Mar	30 Apr	24 Jul	23 Oct	12 Nov
Mr. Mohamed Ali Al Nuaimi	Chairperson	√	√	√	√	√	√
Ms. Maitha Al Falasi	Vice Chairperson	√	√	√	√	√	√
Mr. Abdulaziz Khalid Jokhdar	Member	√	√	√	√	√	√

Mohamed Ali Musabbeh Al Nuaimi
Chairperson of the Board Audit Committee

CORPORATE GOVERNANCE
Continued

3.7.2 Board Risk Committee (BRC) – Key Activities in 2024

As Chairperson of the Board Risk Committee (BRC), I am pleased to outline our Committee's significant contributions to strengthening CBI's risk management framework and governance practices in 2024. The BRC convened four times during the year, providing robust oversight and strategic direction to ensure the Bank's ability to manage risks effectively while safeguarding stakeholders' interests.

A cornerstone of our work this year was the review and endorsement of CBI's risk management framework, including the risk management strategy, risk appetite profile, and compliance frameworks. The Committee ensured that these elements were aligned with regulatory standards and industry best practices, reinforcing the Bank's resilience and operational soundness.

Key submissions, such as the Internal Capital Adequacy Assessment Process (ICAAP), stress testing, and recovery planning, were thoroughly reviewed and endorsed. These critical components were evaluated to ensure that the Bank remained well-positioned to manage capital and liquidity even under adverse conditions.

The BRC maintained a strong focus on compliance and regulatory adherence. We reviewed and ratified compliance reports, closely monitored anti-money laundering (AML) and financial crime measures and oversaw updates on regulatory notices issued by the CBUAE. By doing so, we reinforced the Bank's commitment to maintaining a robust compliance culture and meeting the highest regulatory standards.

With regards to insider trading, while there is no standalone committee dedicated to this matter, an Insider Policy is in place and managed by the Compliance Department, which provides reports on the same to the Board Risk Committee. This ensures robust oversight and alignment with regulatory expectations, further strengthening CBI's governance framework. In 2024, no insider trading was reported to the Board Risk Committee.

The Committee also played a pivotal role in overseeing risk decisions and specific compliance measures, ratifying risk acceptances in alignment with the Bank's risk tolerance. Additionally, we reviewed and approved the Enterprise-Wide Compliance Risk Assessment, ensuring that CBI remained proactive in mitigating regulatory risks and adapting to an evolving risk environment.

Recognising the importance of staying ahead of industry developments, the BRC reviewed and recommended updates to the Bank's risk and compliance policies. These updates reflected emerging regulatory expectations and supported CBI's strategic objectives in managing risk concentrations and trends effectively.

Through its vigilant oversight and strategic guidance, the BRC has significantly contributed to CBI's financial stability and governance excellence. By fostering a proactive risk culture and ensuring regulatory adherence, the Committee has laid a strong foundation for the Bank's long-term success and sustainability. As we move forward, the BRC remains committed to anticipating emerging risks and supporting CBI in navigating a dynamic financial landscape.

BRC Meetings held during 2024

Name of Member	Position	26 Mar	26 Jun	24 Sept	28 Nov
Mr. Mubarak Bin Fahad Al Mheiri	Chairperson	√	√	√	√
Dr. Ghaith Hammel Al Ghaith	Vice Chairperson	√	√	√	√
Mrs. Fatma Al Baker	Member	√	√	√	√

Mubarak Bin Fahad Al Mheiri
Chairperson of the Board Risk Committee

3.7.3 Board Nomination and Remuneration Committee – Key Activities in 2024

As Chairperson of the Board Nomination and Remuneration Committee (BNRC), I am proud to share our Committee's contributions to ensuring effective governance and leadership at CBI. In 2024, the BNRC convened twice to fulfil its mandate, playing a pivotal role in shaping the Bank's human resources strategy and reinforcing our commitment to excellence in Board governance and leadership development.

A key focus for the BNRC this year was Emiratisation. During our meetings, we closely monitored progress on strategic initiatives to increase UAE national representation across the Bank, aligning with the CBUAE's directives. By overseeing targeted training and development programmes, the Committee underscored the bank's dedication to nurturing national talent and building sustainable career pathways.

Recognising the importance of strong governance, the BNRC collaborated with a leading institute to deliver advanced training programmes for Board members. These initiatives enhanced the governance capabilities of the Board, equipping our members with the tools to navigate the complexities of an evolving banking landscape.

The BNRC also evaluated the performance and composition of the Board to ensure it reflects the right balance of diversity, independence, and expertise needed to drive the Bank's strategic vision. We remain committed to upholding high standards of governance and transparency by assessing Board effectiveness and recommending compensation aligned with market benchmarks and regulatory requirements.

Additionally, the Committee reviewed and endorsed critical HR policies related to recruitment, performance management, and succession planning. These policies strengthen the Bank's human resources framework, ensuring alignment with strategic goals and regulatory standards.

Through these efforts, the BNRC continues to uphold its mandate of fostering a governance framework that supports CBI's success, both today and in the future.

BNRC Meetings held during 2024

Name of Member	Position	23 May	17 Dec
Mr. Ali Rashid Al Mohannadi	Chairperson	√	√
Mr. Mohamed Ali Al Nuaimi	Vice Chairperson	x	√
Mr. Mubarak Bin Fahad Al Mheiri	Member	√	√

Ali Rashid Al Mohannadi
Chairperson of the Board Nomination and Remuneration Committee

CORPORATE GOVERNANCE
Continued

3.7.4 Board Credit Committee (BCC) – Key Activities in 2024

As Chairperson of the Board Credit Committee (BCC), I am pleased to highlight the Committee's pivotal role in ensuring robust credit risk management and maintaining the quality of CBI's credit portfolio in 2024. The BCC convened five times during the year, providing strategic oversight and fulfilling its mandate within the delegated authority set by the Board of Directors.

A key focus this year was the implementation of the new Credit Risk Management (CRM) Regulation and Standards introduced by the CBUAE. The Committee reviewed and assessed detailed action plans to ensure full compliance with these standards, reinforcing CBI's unwavering commitment to regulatory adherence and a robust credit risk framework.

The BCC conducted quarterly portfolio reviews, which included a comprehensive assessment of key non-performing loans (NPLs) and watch accounts. These reviews enabled the Committee to proactively identify and address emerging risks, ensuring that appropriate measures were implemented to safeguard the quality of the credit portfolio.

In executing its responsibilities, the BCC approved credit proposals within its delegated authority and provided recommendations for credit requests requiring Board approval. The Committee also ratified and recommended key settlement proposals, effectively managing impaired loans and protecting the Bank's financial stability.

Additionally, the BCC reviewed and approved interbank limits and oversaw the appointment of evaluators to enhance the management of credit exposures. The Committee also supervised and renewed customer credit facilities, managed inter-group investment exposures, and monitored portfolio concentration levels, ensuring alignment with the Bank's credit risk appetite and strategic objectives.

Through its diligent oversight, the BCC has played a critical role in strengthening CBI's credit risk management framework, safeguarding financial stability, and upholding the interests of stakeholders. Looking ahead, the Committee remains committed to maintaining the highest standards of governance and ensuring the Bank's credit portfolio remains resilient in a dynamic financial environment.

BCC Meetings held during 2024

Name of Member	Position	4 Mar	1 May	12 Jun	25 Sept	12 Nov
Mr. Salaheddin AlMadani	Chairperson	√	√	x	√	√
Mr. Mohamed Ali Al Nuaimi	Vice Chairperson	√	√	√	√	√
Mr. Mubarak Bin Fahad Al Mheiri	Member	√	√	√	√	√

Salaheddin Al Madani
Chairperson of the Board Credit Committee

3.7.5 Board Executive Committee (BEXCO) – Key Activities in 2024

As Chairperson of the Board Executive Committee (BEXCO), I am pleased to share the Committee's significant contributions in 2024 to shaping and overseeing CBI's strategic direction. Operating within the delegated authority set by the Board, BEXCO plays a critical role in ensuring the effective implementation of the Bank's long-term strategy and providing oversight for key initiatives that drive growth and operational excellence.

In 2024, the Committee convened twice to fulfil its mandate. A key focus was the monitoring of major IT projects, including updates on the core banking project. The BEXCO provided strategic oversight to ensure these initiatives progressed in alignment with CBI's long-term goals, reinforcing the Bank's commitment to technological innovation and operational efficiency.

The Committee also reviewed the Bank's real estate portfolio, evaluating key sales and disposal transactions. This included approving the sale and disposal of special assets in accordance with the Reserve Value defined in the Real Estate Policy. By overseeing negotiations with sellers, buyers, vendors, and consultants, the Committee ensured that these transactions were concluded effectively while in the Bank's best interest, demonstrating a commitment to prudent asset management and strategic portfolio optimisation.

Additionally, BEXCO evaluated and approved procurement proposals exceeding management's authority, ensuring that all expenditures were aligned with CBI's strategic objectives and financial controls. Through these efforts, the Committee reinforced the importance of accountability and sound governance in operational decision-making.

Looking forward, the BEXCO will continue to play a pivotal role in reviewing and endorsing CBI's annual budgets and business plans. Notably, the Committee will also assume supervision of the Bank's Environmental, Social, and Governance (ESG) implementation strategy, ensuring alignment with regulatory expectations and sustainability objectives.

Through its strategic oversight and diligent execution of responsibilities, the Board Executive Committee remains committed to supporting CBI's long-term success and ensuring the Bank's operations are aligned with its vision for sustainable growth and excellence.

BEXCO Meetings held during 2024

Name of Member	Position	9 May	10 Oct
Mr. Ali Rashid Al Mohannadi	Chairperson	√	√
Mr. Mohamed Ali Al Nuaimi	Vice Chairperson	√	√
Dr. Ghaith Hammel Al Ghaith	Member	√	√
Ms. Maitha Al Falasi	Member	√	√

Ali Rashid Al Mohannadi
Chairperson of the Board Executive Committee

CORPORATE GOVERNANCE
Continued

3.8 Board Effectiveness and Evaluation

CBI conducts a comprehensive review of the Board's performance annually. This evaluation assesses the collective effectiveness of the Board, individual contributions of its directors, and the performance of Board committees. This process evaluates the level of cohesion and identifies opportunities for improvement, ensuring the Board remains aligned with the Bank's strategic objectives.

For newly appointed members, CBI provides an extensive Board Induction programme which is tailored to fit their role, experience and skillset. The induction programme comprises meetings with other Board members, executive management as well as comprehensive guidance on the duties and responsibilities of Board members, the Bank's policies, procedures, and relevant legal and regulatory requirement.

In 2023, CBI engaged an independent external consultant to conduct a detailed evaluation of the Board and Executive Management. This review, carried out in accordance with the corporate governance regulations of the CBUAE and SCA, assessed the Board's governance effectiveness and decision-making processes. The findings were documented in a report that included actionable recommendations, which was shared with the BNRC along with the action plan.

In 2024, an internal evaluation was conducted using detailed questionnaires to assess Board effectiveness. The results highlighted strong overall performance, demonstrating the Board's ability to operate cohesively and deliver on its responsibilities effectively.

3.9 Board's Remuneration

The Board Nomination and Remuneration Committee reviewed the performance of the Board of Directors and submitted its recommendation in relation to the annual remuneration to the Board of Directors. Upon approval by the Board, the final recommendation for aggregate Board remuneration was submitted for approval to the General Assembly at its meeting held on 14 February 2024. The General Assembly approved a total remuneration of AED 8,000,000 for the Board of Directors for the year ended on 31 December 2023 to be distributed as follows:

CBI Board of Directors	Payout (AED)
Mr. Saif Ali Al Shehhi – Chairman	1,600,000
Mr. Ali Rashid Al Mohannadi – Vice Chairman	800,000
Mr. Mubarak Ahmad Bin Fahad Almheiri – Member	800,000
Mr. Mohamed Ali Musabbeh Al Nuaimi – Member	800,000
Mr. Salaheddin Almabruk Almadani – Member	800,000
Ms. Maitha Saeed Al Falasi – Member	800,000
Dr. Ghaith Hammel Al Ghaith Al Qubaisi - Member	800,000
Ms. Fatma Ibrahim Al Baker – Member	800,000
Mr. Abdulaziz Khalid Jokhdar – Member	800,000
Total	**8,000,000**

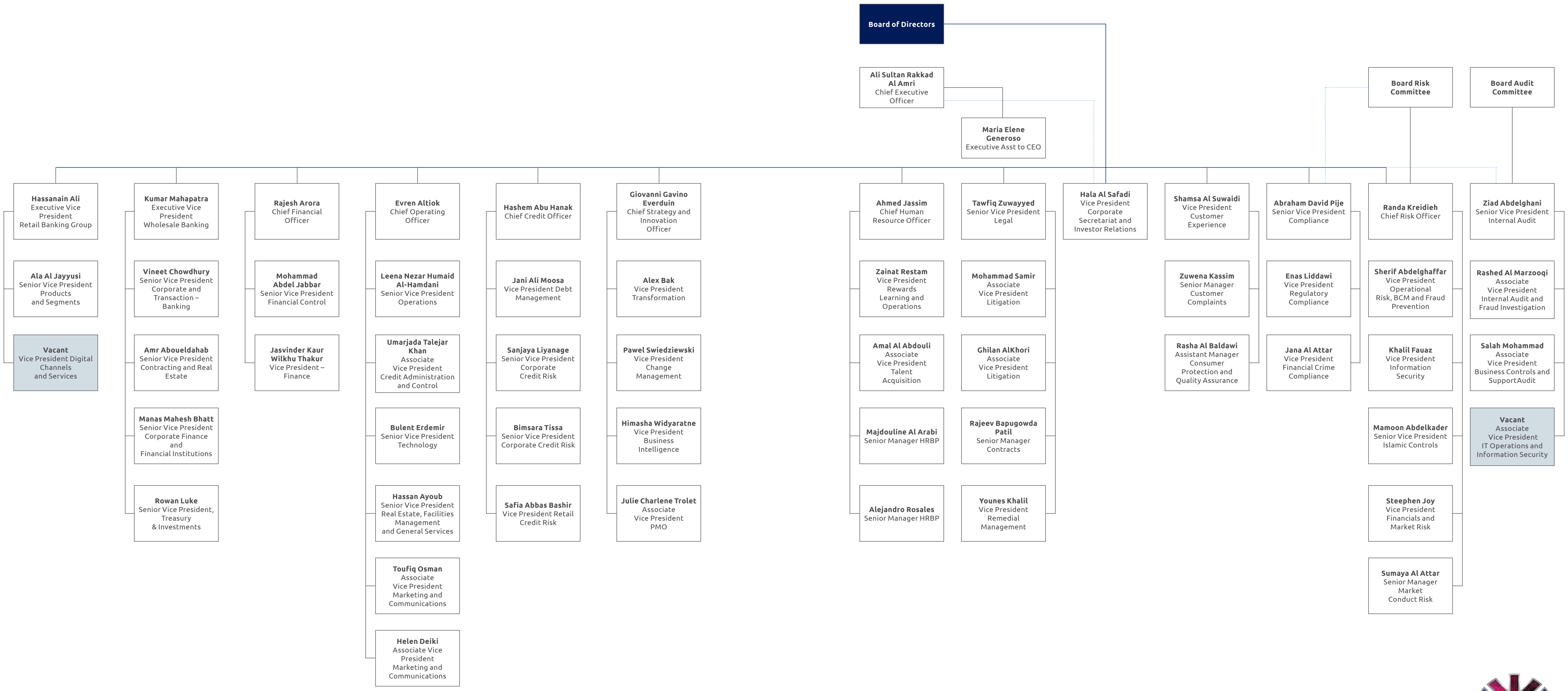
The Board members of CBI were not recommended any additional allowances, salaries or fees, bonuses, long-term or any other incentive schemes.

The Board's proposed total remuneration for the year ending 31 December 2024, to be paid in 2025, is AED 10 million subject to the shareholders' final approval at the Annual General Assembly meeting.

CORPORATE GOVERNANCE

Continued

4. Organisation Structure



CORPORATE GOVERNANCE
Continued

5. Executive Management

Chief Executive Officer

Mr. Ali Sultan Rakkad Al Amri is the Chief Executive Officer (CEO) of CBI. He is a versatile banker with over 24 years of financial services experience, having held various senior management roles at leading local and international financial institutions. He started his career at CBI as a Senior Corporate Officer in 2000, then spent the next eight years working with prominent banks such as Emirates NBD as a Manager in Corporate Banking, Barclays as a Senior Relationship Manager, and Noor Islamic Bank as the Head of Business Development. In 2010, he returned to CBI as the Chief Wholesale Banking Officer, was appointed Acting CEO in 2019, and confirmed as CEO in 2020. He completed Executive Education in Management at IESE Business School in Spain, holds an MBA from the University of Jordan, and earned a Bachelor's degree in Marketing from Ajman University's School of Business. Mr. Ali does not hold any external directorships.

Executive Management

The CEO leads a team of 13 executives, each contributing to the strategic direction of the organisation.

CBI's Executive Management is keenly attuned to its corporate governance responsibilities, demonstrating a steadfast commitment to executing legislative requirements and adhering to the Board's directives. This commitment is instrumental in fortifying the control environment across various processes and banking activities. It encompasses identifying deviations from objectives, aligning operations to meet desired goals, and implementing corrective actions when necessary.

Name	Position	Date of Nomination to the Role	Brief Profile
Evren Altiok	Chief Operating Officer	21 January 2020	Mr. Altiok has over 24 years of international banking experience across a wide range of disciplines, including strategy and planning, business development, and communications and audit. He previously served as the Regional Director of Communications for HSBC in the Middle East, North Africa, and Turkey region and has held a number of other senior leadership roles at HSBC and Merrill Lynch. These included Director of Strategy, Planning and Communication, Chief of Staff to the Chief Executive Officer, and Head of Corporate Audit. Mr. Altiok holds an MSc in International Relations from the London School of Economics. He does not hold any external directorships.

Name	Position	Date of Nomination to the Role	Brief Profile
Randa Kreidieh	Chief Risk Officer	21 November 2021	Ms. Kreidieh has over 22 years of experience in financial services, specialising in implementing robust risk and control frameworks and establishing strong governance cultures. She has previously held key senior positions at Emirates NBD Bank PJSC and its subsidiaries, including Chief Operating Officer and the Head of Risk and Governance. She joined the Company in 2017 as Head of Centralised Governance and Acting Chief Risk Officer. Ms. Kreidieh is a member of the Institute of Canadian Bankers and a certified financial specialist from the American Academy of Financial Management. She has completed the IESE Business School's Programme for Management Development and holds a Higher Diploma in Bank Management and Financial Studies from the Emirates Institute for Banking and Financial Services. Ms. Kreidieh does not hold any external directorships.
Hashem Mohammed Ali Abu-Hanak	Chief Credit Officer	21 January 2020	Mr. Abu-Hanak has over 27 years of banking experience and has held various positions in the Company since joining in 2000, including Head of Corporate Credit Risk and Head of Large Corporates for the Wholesale Banking Group. Before joining the Company, he worked as a Credit Analyst at Jordan Kuwait Bank. Mr. Abu-Hanak holds a degree in Business Administration with a concentration in Accounting from the University of Al Yarmouk (Jordan). He does not hold any external directorships.
Rajesh Arora	Chief Financial Officer	4 March 2024	Mr. Arora brings over 27 years of extensive experience in the local and international banking and financial services sector. He has held tenure at Standard Chartered Bank in numerous positions including Regional CFO for Northern Gulf and Levant in Bahrain, CFO for SCB UAE and Global Head of Finance Transformation in Singapore. In his most recent role prior to joining CBI, Rajesh was the Head of Finance and CFO at Al Hilal Bank in the UAE. Mr. Arora is a certified Cost and Management Accountant and holds a Master's Degree in Finance from Symbiosis Institute in India. Mr. Arora does not hold any external directorships.

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Name	Position	Date of Nomination to the Role	Brief Profile
Giovanni Everduin	Chief Strategy and Innovation Officer	4 March 2024	Mr. Everduin has over 22 years of experience driving change and delivering strategic benefits to organisations across the globe. Prior to joining the Company, he worked for several notable organisations in senior industry and consulting roles, including Accenture in London. He also served as the Chief People Officer at Tanfeeth, a subsidiary of Emirates NBD Bank PJSC. Mr. Everduin is an alumnus of the Harvard Business School and holds a BA in Organisational and Social Psychology from the University of Groningen, The Netherlands. He is a Board member of Zypl and Tekle Holographics MENA.
Ahmed Jassim	Chief Human Resources Officer	11 June 2024	Mr. Jassim serves as the Chief Human Resources Officer at CBI, bringing extensive expertise in strategic human resource management, organisational transformation, and leadership development. With a proven track record of driving people-centric initiatives, Ahmed is instrumental in aligning the Bank's talent strategy with its corporate objectives. Previously, Mr. Jassim held senior HR roles in top-tier organisations, driving key initiatives in HR strategy and talent development. Mr. Jassim is a Senior Certified Professional by the Society of Human Resource Management (SHRM) and holds a bachelor's degree in business administration (Human Resources Management). He does not hold any external directorships.
Kumar Mahapatra	Executive Vice President – Wholesale Banking Group	23 March 2020	Mr. Mahapatra has over 27 years of banking and financial sector experience. Prior to joining the Bank, he worked in the corporate and investment banking divisions of various financial institutions across the UAE and India, including Calyon (Credit Agricole), Emirates NBD, HDFC and ICICI. Mr. Mahapatra holds a BA in Economics from Delhi University, India, and an MBA in Finance. Mr. Mahapatra is the Vice Chairman of Arzaq PSC.
Hassanain Ali	Executive Vice President – Retail Banking Group	1 December 2019	Mr. Ali has over 24 years of experience in the banking and finance sector. He has been with the Company for over six years and, before being appointed as the Executive Vice President – Retail Banking Group, served as the Company's Head of Corporate Banking. Prior to joining the Company, Mr. Ali worked for a number of global and local banks, including Emirates NBD Bank PJSC, First Gulf Bank PJSC (where he served as the Vice President of the Large Corporates Division) and Standard Chartered Bank. Mr. Ali graduated with distinction from the Higher Colleges of Technology (UAE) and holds a Higher Diploma in Banking and Finance and a BA in Applied Science. He is the Chairman of Arzaq PSC.
Tawfiq Adnan Zuwayyed	Senior Vice President – Legal	14 February 2021	Mr. Zuwayyed has over 30 years of experience in the legal industry. He joined the Bank as General Legal Counsel before being appointed Senior Vice President – Legal. Prior to joining the Bank, he held a number of senior roles across various banks in the UAE, including Deputy General Counsel for Abu Dhabi Islamic Bank PJSC and Group Chief Legal Counsel for First Gulf Bank PJSC. Mr. Zuwayyed holds a law degree from the University of Jordan, an MBA from the New York Institute of Technology and an MA in International Business Law from the Paris-Sorbonne University. He does not hold any external directorships.
David Abraham Pije	Senior Vice President – Compliance	22 March 2020	Mr. Pije has over 22 years of experience in compliance, having worked with leading international financial institutions in Europe, the Americas, and the MENA region through his career. Prior to joining the Bank, he was the Head of Compliance for a leading UAE bank. Mr. Pije holds a LLM in Business Law from Radboud Universiteit Nijmegen, an MA in European Studies from Universiteit van Amsterdam and an Executive Master's degree in Compliance and Integrity Management from Vrije Universiteit Amsterdam. He is also a Certified Anti-Money Laundering Specialist (CAMS). Mr. Pije does not hold any external directorships.

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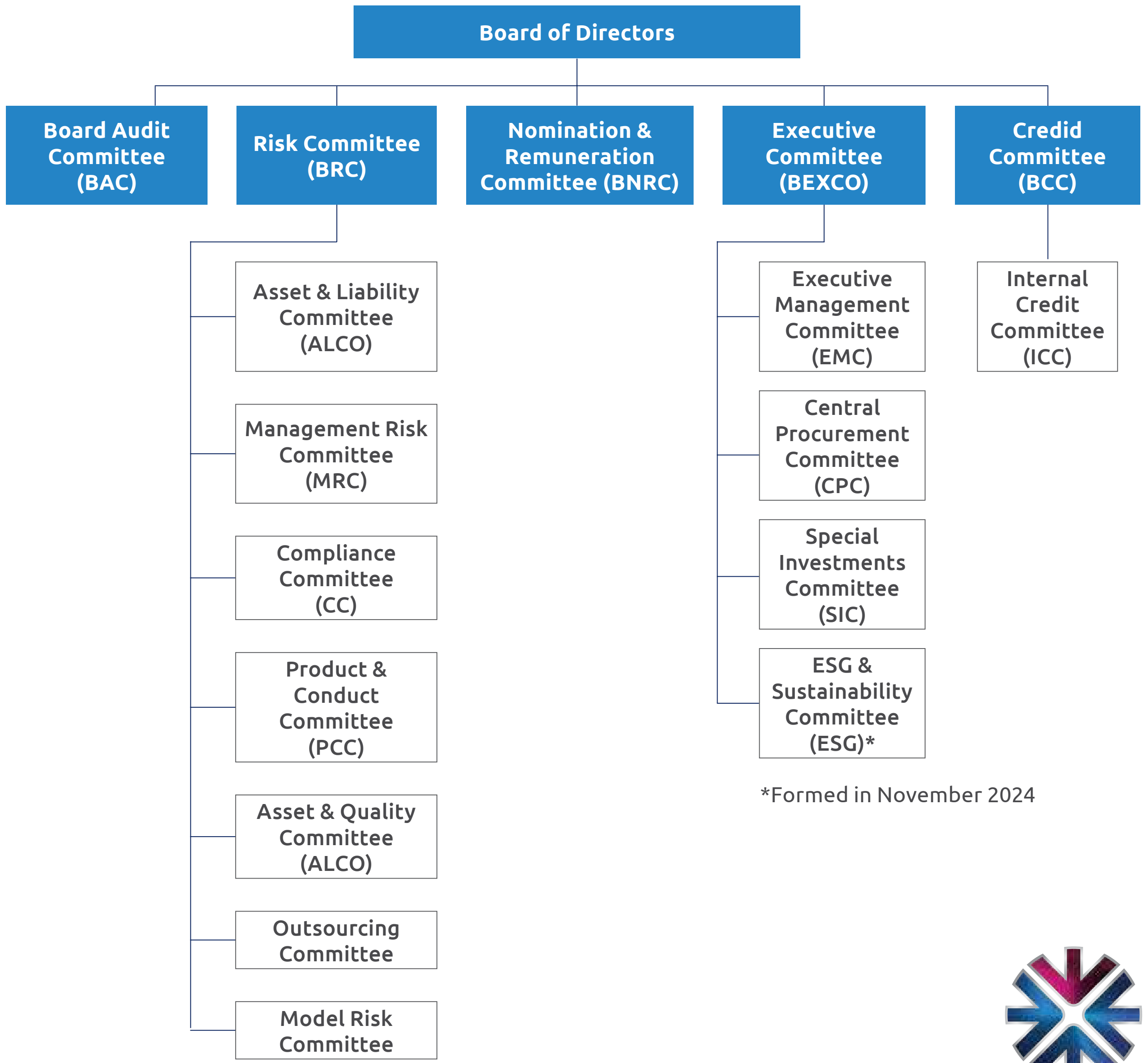
Name	Position	Date of Nomination to the Role	Brief Profile
Ziad Abdelghani	Senior Vice President – Internal Audit	8 November 2020	Mr. Abdelghani has over 26 years of experience in auditing, primarily within the banking sector, across a multitude of internal audit disciplines, including operational audits and corporate and retail audits. Prior to joining the Bank, he was the Senior Operations Auditor at the Housing Bank for Trade and Finance in Jordan and the Senior Credit Auditor at the National Bank of Abu Dhabi PJSC. He joined the Bank in 2011 as a Senior Audit Manager and was promoted to become the Head of Fraud Prevention and Investigation before assuming his current position as the Senior Vice President – Internal Audit. Mr. Abdelghani holds an MBA from the University of Leicester (United Kingdom). He is a Certified Management Accountant from the Institute of Management Accountants and a Certified Internal Auditor from the International Institute of Internal Auditors. He is also a recipient of the William S. Smith CIA – Certificate of Honor Award by the International Institute of Internal Auditors. Mr. Abdelghani does not hold any external directorships.
Shamsa Al Suwaidi	Vice President – Customer Experience	11 June 2024	Ms. Al Suwaidi is a seasoned banking professional with over 17 years of expertise in customer experience, consumer protection, and product management. She began her career at Emirates NBD, advancing to Branch Manager, where she consistently exceeded business and service targets. At Emirates Islamic, she managed the Emirati credit card portfolio as Product Manager and was later promoted to Head of Customer Complaints, where she successfully drove improvements in customer satisfaction and service standards. She joined the Bank in 2022 as Head of Consumer Protection Regulations and was appointed Head of Customer Experience in 2024. Ms. Al Suwaidi graduated with distinction and holds a Master's degree in Digital Marketing and Analysis. She also completed leadership certifications from IESE, INSEAD and Said Business School. Ms. Al Suwaidi does not hold any external directorships.

Name	Position	Date of Nomination to the Role	Brief Profile
Hala Rawhi Al Safadi	Vice President – Corporate Secretariat and Investor Relations	7 April 2020	Ms. Al Safadi has over 13 years of experience in secretarial and legal roles within the financial services sector. She started her career with Emirates NBD Bank PJSC, where she held various corporate secretarial and legal positions, before joining the Bank in 2019. Ms. Al Safadi holds a BA in English Language and Translation from Petra University (Amman, Jordan). She is a Certified Board Secretary from the Hawkamah Institute for Corporate Governance, has completed an executive certification in Corporate Governance from INSEAD, and holds a leadership certification from IESE Business School. Ms. Al Suwaidi does not hold any external directorships.

6. Management Committees



*Formed in November 2024

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The Executive Management, in pursuit of robust corporate governance practices, has instituted a comprehensive framework comprising 12 committees. These committees are strategically designed and meticulously structured to address specific facets of the organisation's operations, ensuring a thorough and focused approach to governance. Each committee plays a crucial role in overseeing and enhancing various aspects of CBI's functions, fostering transparency, accountability, and effective decision-making across the spectrum of the Bank's activities. This multi-committee structure underscores the Executive Management's dedication to upholding the highest standards of corporate governance and promoting a well-rounded framework that aligns with both regulatory requirements and best industry practices.

Executive Management Committee

The Executive Management Committee is responsible for the overall management, including day-to-day operations and administration of the Company and its subsidiaries, within the framework of the Company's policies, its terms of reference and such other directives as the Board may determine from time to time.

The Executive Management Committee comprises: Chief Executive Officer (Chairperson), Chief Financial Officer, Chief Risk Officer, Chief Operating Officer, Chief Credit Officer, Executive Vice President – Wholesale Banking Group, Chief Strategy & Innovation Officer, Chief HR Officer, Executive Vice President – Retail Banking Group, Senior Vice President – Legal, Senior Vice President – Compliance, Vice President – Customer Experience, Senior Vice President – Internal Audit (non-voting), and Vice President – Corporate Secretariat and Investor Relations(non-voting).

Management Risk Committee

The Management Risk Committee oversees the Company's risk management strategy and risk control framework, ensuring robust evaluation of the monitoring process. It also reviews and reports on the Company's annual CBUAE requirements, the internal capital adequacy assessment process (ICAAP), and other compliance-related programmes at the management level.

The Management Risk Committee is composed of the following members: Chief Executive Officer (Chairperson), Chief Risk Officer, Chief Credit Officer (as a permanent invitee), Chief Financial Officer, Senior Vice President – Legal, Senior Vice President – Compliance, Chief Operating Officer, Senior Vice President – Internal Audit (as a permanent invitee), Executive Vice President – Wholesale Banking Group (by invitation), Executive Vice President – Retail Banking Group (by invitation), Senior Vice President – Treasury (by invitation), and attendee from Risk Management department (as secretary).

Assets and Liabilities Committee

The Assets and Liabilities Committee (ALCO) is responsible for overseeing the Company's treasury activities and managing key financial risks, including interest rate, liquidity, and foreign exchange risks. The Committee reviews and recommends strategies, policies, and procedures for effective asset-liability management and ensures alignment with the Company's financial objectives. It also reports to the Board as required.

ALCO ensures compliance with treasury limits and ratios set by the Board and mandated by the CBUAE. Additionally, the Committee monitors interest rate movements and their impact on funding, liquidity, and profitability, ensuring proactive management of these critical areas.

The Assets and Liabilities Committee is composed of the following members: Chief Executive Officer (Chairperson), Chief Financial Officer (Vice Chairperson), Chief Risk Officer, Chief Operating Officer, Chief Credit Officer, Senior Vice President – Treasury, Executive Vice President – Wholesale Banking Group, Executive Vice President – Retail Banking Group, Vice President – Market Risk, and Head of Treasury Sales (as Secretary).

Central Procurement Committee

The Central Procurement Committee is responsible for reviewing and approving procurements, proposals for disposing of movable and real estate assets, engaging suppliers for product and service requests within the applicable policies and the authorised limits, overseeing the process of bids, negotiating contracts, approving vendor lists, and ensuring compliance with procurement and tender policies.

The Central Procurement Committee is composed of the following members: Chief Executive Officer (Chairperson), Chief Financial Officer (Vice Chairperson), Chief Operating Officer, Senior Vice President – Legal, Executive Vice President – Retail Banking Group, attendee from Procurement department (as secretary), and Senior Vice President – Internal Audit (as Observer).

Internal Credit Committee

The Internal Credit Committee: (i) reviews the credit and lending strategies and objectives of the Company; (ii) reviews the credit risk management of the Company including reviewing internal credit policies, portfolio limits, portfolio data/analytics and portfolio reporting; and (iii) reviews the quality and performance of the Company's credit portfolio. The Internal Credit Committee is also responsible for facilitating the effective supervision and overall control of the Wholesale Banking Group by reviewing overall credit risk of the customer/group at the time of onboarding and interim/annual review of the facilities. The Committee approves credit facilities within the authorised limit set for it by the Board. The Internal Credit Committee also reviews credit proposals exceeding its delegated authorised limit and makes recommendations to the Board Credit Committee. The Committee is responsible for regularly updating the Board Credit Committee in respect of the facilities approved by the Internal Credit Committee as well as on the quality of the portfolio.

The Internal Credit Committee is composed of the following members: Chief Executive Officer (Chairperson), Chief Credit Officer, Executive Vice President – Wholesale Banking Group, and Chief Risk Officer (as a permanent invitee).

Products and Conduct Committee

The Products and Conduct Committee is responsible for reviewing and approving the Company's current and proposed banking products and services. The Committee establishes the requirements and considerations for launching or decommissioning any product or service, ensuring a thorough evaluation of its feasibility from operational, human resources, marketing, capital, funding, pricing, tax, accounting, and regulatory perspectives, including consumer protection and ethical standards.

The Committee also identifies and assesses reputational and legal risks associated with the Company's products and services. It ensures that all offerings align with the Company's strategic objectives and comply with applicable regulations.

The Products and Conduct Committee is composed of the following members: Chief Risk Officer (Chairperson), Chief Credit Officer (Vice Chairperson), Chief Financial Officer, Chief Operating Officer, Senior Vice President – Compliance, an attendee from Risk Management department (as Secretary), Senior Vice President – Legal (as Legal Adviser), Senior Vice President – Internal Audit (as Observer), Executive Vice President – Wholesale Banking Group (by invitation), and Executive Vice President – Retail Banking Group (by invitation).

Asset Quality Committee

The Asset Quality Committee is responsible for reviewing non-performing assets within the Wholesale Banking Group and significant exposures among retail customers. The Committee oversees the allocation of provisions for non-performing assets in compliance with CBUAE regulations and IFRS standards. It also evaluates the adequacy of collateral held by the Company to mitigate risks associated with these assets.

Additionally, the Committee ensures that non-performing accounts are classified both internally and externally in accordance with CBUAE regulations and other applicable standards.

The Asset Quality Committee is composed of the following members: Chief Risk Officer (Chairperson), Chief Financial Officer (Vice Chairperson), Senior Vice President – Legal, Chief Credit Officer (as a permanent invitee), Executive Vice President – Wholesale Banking Group (as a permanent invitee), and Vice President – Remedial (as Secretary).

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Compliance Committee

The Compliance Committee manages compliance matters that have a potential bank-wide impact. Additionally, it serves as a high-level forum to which matters, such as transactions, onboarding of prospective customers, and reviews of existing relationships, may be escalated. The Compliance Committee also monitors the progress of existing projects related to compliance.

The Compliance Committee is composed of the following members: Chief Executive Officer (Chairperson), Senior Vice President – Compliance (Vice Chairperson), Chief Risk Officer, Executive Vice President – Wholesale Banking Group, Executive Vice President – Retail Banking Group, Chief Operating Officer, and the Money Laundering Reporting Officer (as Secretary).

Special Investment Committee

The Special Investment Committee is responsible for reviewing and managing the affairs of all investments held by the Bank and any of its subsidiaries that are not fundamental to carrying out banking activities. This includes joint ventures (JVs), equity investments, shares, stocks, real estate properties, and other assets related to strategic partnerships and innovation. However, it excludes wholesale banking investments, loan assets or customers' investments or any matters that fall within the authorities of the Assets and Liabilities Committee.

The Special Investment Committee is composed of the following members: Chief Executive Officer (Chairperson), Strategy and Innovation Officer (Vice Chairperson), Chief Financial Officer, Chief Risk Officer, Chief Credit Officer, Chief Operating Officer, Executive Vice President – Wholesale Banking Group, Executive Vice President – Retail Banking Group, Senior Vice President – Legal (as an invitee) and Senior Vice President, Internal Audit (as Observer).

Outsourcing Committee

The Outsourcing Committee is tasked with deciding on matters of outsourcing materiality by strategically assessing whether proposed outsourced activities should be considered material, taking into account various risk factors. It ensures a comprehensive understanding of CBI's exposure to current and proposed outsourcing obligations. The Committee evaluates governance and internal control risks associated with excessive outsourcing in specific domains or departments, as well as the potential risks of over-reliance on third parties. Additionally, it assesses the aggregate risk posed by existing outsourcing arrangements and reviews the marginal risk of proposed arrangements, guided by feedback from thorough risk assessments.

The Outsourcing Committee is composed of the following members: Chief Risk Officer (Chairperson), Senior Vice President – Compliance (Vice Chairperson), Chief Operating Officer, Senior Vice President – Legal, and Senior Vice President – Internal Audit (Adviser).

Model Oversight Committee

The Model Oversight Committee is responsible for overseeing overall model risk governance and ensuring the effective management of the model life cycle. This includes overseeing the objectives and strategies of each model, approving the development of new models, and requesting their development when necessary. The Committee is tasked with approving key decisions at each stage of the model life cycle, reviewing validation results at the end of each cycle, and making informed decisions based on the presented options. Additionally, the Committee evaluates and proposes model changes, guided by relevant impact assessments, to ensure models remain effective and aligned with strategic objectives.

The Model Oversight Committee is composed of the following members: Chief Risk Officer (Chairperson), Chief Credit Officer (Vice Chairperson), Chief Financial Officer, Senior Vice President – Compliance, Vice President – Financial & Market Risk, Senior Manager – Model Risk, and an Internal Audit Representative (permanent invitee).

ESG & Sustainability Committee

The ESG & Sustainability Committee was recently formed with the responsibility of overseeing all aspects of ESG and sustainability at CBI, ensuring alignment with the approved ESG strategy. The Committee provides guidance on the development and execution of the Bank's ESG roadmap, setting measurable targets for climate risk mitigation and sustainability initiatives, such as achieving carbon neutrality and reducing energy consumption. It ensures the establishment and regular review of ESG-related policies, aligning them with legal, regulatory, and international standards. The Committee also monitors progress against defined ESG metrics and oversees public disclosures, including sustainability reports, to maintain transparency with stakeholders. Additionally, the Committee stays informed on emerging ESG developments, best practices, and regulatory changes, integrating them into CBI's ESG approach. It also advises the Board on the necessary resourcing and funding for ESG-related activities to support CBI's long-term sustainable success.

The ESG & Sustainability Committee is composed of the following: Chief Executive Officer (Chairperson), Chief Strategy & Innovation Officer (Vice-Chairperson), Chief Credit Officer, Chief Risk Officer, Chief Financial Officer, Chief Operating Officer, Chief Human Resources Officer Executive Vice President – Wholesale Banking Group, Executive Vice President – Retail Banking Group, Senior Vice President – Compliance, Chief Human Resources Officer, Senior Vice President – Legal, Vice President – Corporate Secretariat & Investor Relations, Vice President – Customer Experience, and Senior Vice President – Internal Audit (consultative member, non-voting).

7. Internal Control Framework

The Board of Directors at CBI hold ultimate responsibility for the Bank's internal control system, ensuring alignment with the regulatory requirements of CBUAE and SCA. The Board oversees the establishment of comprehensive policies, guidelines, and controls governing all organisational transactions, with an emphasis on segregation of duties, dual control, delegated authority limits, and robust monitoring mechanisms. Additionally, the Board approves CBI's Risk Appetite Statement and a suite of risk management policies to maintain sound governance.

The Board Audit Committee operates independently to assess the effectiveness of the Bank's operational systems and internal control processes. It oversees and evaluates the performance of Management, the Internal Audit function, and external auditors, ensuring that significant issues identified by the Internal Audit department, external auditors, and regulators are resolved promptly and satisfactorily. This independent oversight reinforces the robustness of CBI's internal control environment.

Executive Management, in collaboration with relevant Department Heads, is responsible for the day-to-day operational control and implementation of these systems. This involves establishing a seamless network of processes to facilitate efficient workflows across all bank functions, ensuring that operational controls are effectively designed and implemented in line with the organisation's risk appetite and strategic objectives.

CBI's internal control framework is designed to provide the Board with reasonable assurance regarding the accuracy, reliability, and timeliness of information reported both internally and externally. It ensures compliance with the Bank's Risk Appetite Statement, policies, standards, plans, procedures, and applicable laws and regulations. The framework also focuses on safeguarding the Bank's assets, including personnel, systems, data, and customer

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information, while promoting effective and profitable resource utilisation.

Continuous improvement, quality assurance, and the establishment of realistic objectives and plans are central to CBI's internal control practices.

CBI adopts the three lines of defence model, a cornerstone of effective risk management and internal control:

1. First Line of Defence: Business and process units are directly responsible for managing risks within their assigned limits. They are tasked with identifying, assessing, and controlling risks inherent in their operations.
2. Second Line of Defence: Control functions, including Risk Management and Compliance, monitor and support the first line in effectively managing risks. These functions ensure that risks are appropriately identified and mitigated. The Chief Risk Officer and the Head of Compliance report to the Chief Executive Officer, with unfettered access to the Board Risk Committee, ensuring transparency and accountability.
3. Third Line of Defence: The Internal Audit function provides an independent evaluation of the effectiveness of processes managed by the first and second lines of defence. The Head of Internal Audit reports directly to the Board Audit Committee, offering assurance on the adequacy of the control environment and providing recommendations to promote best practices and continuous improvement.

No violations were reported by the Internal Control department for the year ended 31 December 2024.

7.1 Compliance Department

Compliance Monitoring and Oversight

The Compliance department, headed by Mr. David Pije, continued in 2024 to enhance its monitoring activities, assurance role, and advisory role to its stakeholders. CBI has mechanisms in place to monitor and ensure proper implementation of regulatory requirements in a timely manner. The focus of 2024 was to address a number of audit outcomes on financial crime compliance, with a view to enhance the testing and tuning of transaction monitoring, customer name and payment screening tools, and policy-setting. Additionally, efforts were made to create more bespoke training and raise awareness on a range of compliance topics, as well as to enhance the assurance role. In 2024, a dedicated assurance function was established, reporting to the Head of Compliance. Progress of compliance-driven actions is tracked via the relevant committees that meet periodically, predominantly the Compliance Committee and Board Risk Committee.

CBI maintains an efficient follow-up process to ensure completeness of actions required to be taken by relevant stakeholders across the organisation. The follow-up is managed by the Compliance department, which directly reports to the CEO and has unrestricted access to the Board Risk Committee. The strategic importance of the Compliance department continues to grow due to an observed increase in CBUAE regulations and a regulatory expectation for more assurance be performed by Compliance. This ensures that compliance obligations operationalised in the Business are adhered to.

During 2024, the Executive Management continued to assist in ensuring that compliance obligations associated with a number of newly issued regulations were met. This included compliance-driven projects to enhance existing processes and support for CBI's business and operations departments in providing regulatory updates and seeking approvals, where required.

Regulatory Compliance

CBI continued to enhance its communication channels with regulators to ensure that it provides the regulatory authorities with accurate, clear, and transparent information, assisting them in their supervisory duties. Regulatory Compliance is the key team responsible for ensuring that regulatory requests are actioned accurately and in a timely manner. Additionally, any new regulation shared by CBUAE with supervised banks undergoes a thorough analysis by the Regulatory Compliance team with a view to ensure that any potential gaps are well understood. Subsequent allocation of responsibility to the 'owners' of the respective regulation is carried out and monitored to conclusion, particularly where such regulations have deadlines.

During 2024, CBI performed effective, timely and accurate reporting to the regulatory authorities on specific regulatory-driven obligations. Regulatory Compliance continues to perform a gap analysis on CBUAE key regulations in order to ensure adherence and compliance with CBUAE requirements across the Bank. This effort has resulted in creation of a regulatory library, where all relevant regulations pertaining to CBI can be accessed.

Regulatory Compliance continued to ensure that all Bank staff were enrolled in the annual FATCA and CRS training prepared by the Regulatory Compliance team, with the aim of enhancing staff's understanding of the regulatory requirements. Regulatory Compliance also assisted in managing requests for "non-objection" from the CBUAE in cases where third-party arrangements either constituted material outsourcing or were regarded as the launch of new financial products.

International Sanctions Programmes and Tools

The Compliance department continues to have a Sanctions Policy and monitoring system to support CBI's commitment to comply with the relevant sanctions programmes and different laws and regulations in all related jurisdictions. The Sanctions Policy forbids the Bank to facilitate business with a number of countries/regions irrespective of currency, general or specific license (which may render a transaction legally permissible) or regardless of whether such business is direct or indirect. Challenges have been observed in this area due to the changed geo-political landscape, which in turn impacted to the risk appetite of the Bank to some extent in terms of onboarding and transacting of categories of customers.

In line with our commitment to maintaining the highest standards of compliance, we have enhanced our Sanctions Compliance Programme which contains more elevated screening measures/logic and threshold changes, enabling us to perform continuous monitoring, and rigorous reporting. This is supported by an updated, robust Sanctions Risk Appetite Statement (RAS) which contains measurable quantitative and qualitative criteria. This year, we adopted a more stringent approach whereby we upgraded our screening protocols to include additional cities and nearby high risk jurisdictions, adding nationals of such high risk jurisdictions to the FCY deny list, and providing staff in compliance and business with regular guidance to ensure adherence to evolving regulatory expectations.

The Compliance department created multiple e-learnings and bespoke trainings during 2024 on topics such as Financial Crime including Anti-Money Laundering (AML), Trade-Based Money Laundering (TBML), and Sanctions, covering financial sanctions and proliferation financing, FATCA and CRS compliance, Conflict of Interest, and other specialised areas such as AML/CTF regarding correspondent banking relationships, and trade-based money laundering. Additionally, a new Compliance (FinCrime and Regulatory) Induction training was launched for all new joiners using a specialised application.

Combating Financial Crime

Monitoring compliance with laws, provisions and standards is considered the shared prominent responsibility of the Compliance department, Executive Management and the Board. Compliance department is an independent function, characterised by an official status within CBI, which undertakes the identification, evaluation, monitoring and reporting of compliance risks. These risks include the risk of legal sanctions, legislative and financial losses, or damage to CBI's reputation as a result of failure to abide by laws and regulations, the Compliance Policy, and the standards of good practices. In order to enable the Compliance department to efficiently perform its functions and responsibilities, it has been granted the authority to deal with compliance matters within CBI's activities and has been given unrestricted access to all information, employee records and CBI's operations in the UAE.

The Compliance department is also empowered to conduct investigations into any potential irregularities. Its responsibilities are carried out through the implementation of a compliance programme that specifies its activities on an annual basis. The Board Risk Committee approves the Compliance policies, while Compliance procedures are approved at the appropriate management committee level. The Compliance department submits periodic reports to the Board Risk Committee, Management Risk Committee and Compliance Committee concerning relevant regulatory updates, compliance issues, irregularities, and the corrective actions implemented as a result.

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In 2024, alongside having its Sanctions Policy, AML/CTF/KYC Policy, and FATCA/CRS Policy updated, the Compliance department continued to review and improve the Suspicious Transaction Reporting (STR) process to the CBUAE. Furthermore, to strengthen the compliance culture in CBI, a number of compliance key performance indicators were rolled out to virtually all staff. These KPIs aim to drive more accountability for compliance across the Bank and were linked to year-end deliverables.

Major highlights/accomplishments for 2024
In line with our commitment to combat financial crime, Compliance have taken significant steps to address any CBUAE observation, ensuring full alignment with regulatory expectations. This includes enhancing our policies and procedures, strengthening our Transaction Monitoring (TM) systems with advanced capabilities, and reinforcing our overall Risk Appetite Statement (RAS) to effectively manage financial crime risks. Additionally, we have refined our Enterprise-Wide Risk Assessment (EWRA) to ensure a more comprehensive identification and mitigation of financial crime risks across all business lines, including proliferation finance and sanctions evasion risks. These actions reaffirm our dedication to maintaining the integrity of the financial system and upholding the highest standards of compliance.

The Head of Compliance participates in various Management Committees, including the Compliance Committee (as Deputy Chairman), the Management Risk Committee (as a voting member), and routinely in other Management Committees, including Internal Control Committee (as a non-voting Observer, but a value-adding member) and the ad hoc Outsourcing Committee. Additionally, the Money Laundering Reporting Officer (MLRO) participates in the Compliance Committee as a non-voting member in the capacity of Secretary and attends the Board Risk Committee meetings (generally twice a year) to provide the Board updates on FinCrime-related aspects, with focus on those mentioned in the MLRO Report filed to the Financial Intelligence Unit of CBUAE. Ms. Jana Al Attar assumed the role of the Head of FinCrime Compliance and MLRO in April 2024.

7.2 Risk Management

The Risk Management department, under the leadership of Chief Risk Officer Ms. Randa Kreidieh, continues to uphold the highest standards in managing the Bank's risks. In 2024, we have reinforced our commitment to robust risk management practices by aligning with the Corporate Governance Standards issued by the CBUAE.

Our risk management strategies are designed to comprehensively address and mitigate various risks while safeguarding confidentiality. The Risk Management department's core responsibilities include:

- Developing and implementing a comprehensive risk management framework.
- Establishing policies and procedures for risk identification, assessment, and monitoring.
- Conducting independent risk oversight as part of our strategic planning.
- Managing operational, credit, market, strategic, legal, reputational, and external risks.

In 2024, we placed a significant emphasis on the newly established consumer protection regulations and controls. This function has played a crucial role in safeguarding consumer interests and enhancing our operational integrity. Key activities include:

- Formulating and reviewing risk management strategies related to consumer protection.
- Evaluating and strengthening control mechanisms for consumer-focused activities.
- Continuously monitoring and adapting to new regulatory requirements.

In addition, the organisation has successfully completed the setup of the Conduct Risk function, integrated within the responsibilities of the Risk Management department. Conduct Risk team is dedicated to providing oversight and governance over the Bank's market practices to ensure they align with regulatory requirements and ethical standards. The primary objective of the function is to oversee various aspects of market conduct, including product design and distribution, sales practices, marketing and advertising, customer service, and complaints handling. By fostering a culture of accountability and transparency, the Conduct Risk department enhances the Bank's comprehensive risk management framework, aiming to safeguard consumer interests, mitigate reputational risks, and ensure that the Bank operates in compliance with best practices and applicable regulations.

Looking ahead, we remain proactive in anticipating and preparing for foreseeable risks, including those related to the economic environment, technological advancements, and regulatory changes. Our proactive approach ensures that we remain resilient and agile in the face of evolving challenges.

The Bank's risk appetite framework has been further refined with both quantitative and qualitative measures. These measures are integral to our risk-based performance monitoring and are aligned with the Bank's vision and strategy. The Risk Management department ensures that these measures are consistently evaluated and integrated into the operational plans of all business units.

7.3 Internal Audit

The Internal Audit department, led by Mr. Ziad Abdelghani, continues to serve as an independent appraisal function with the primary mandate of assessing and enhancing the adequacy and effectiveness of the organisation's governance, risk management, and control processes.

The objectives of the Internal Audit function for the year 2024 were as follows:

- Governance and Oversight: Evaluate governance frameworks to ensure alignment with best practices, regulatory requirements, and CBI's strategic objectives.
- Risk Management and Controls: Assess the effectiveness of risk management practices and the robustness of internal controls across all departments and activities.
- Regulatory Compliance: Review adherence to applicable laws, regulations, and standards, with a focus on key regulatory areas such as AML, Financial Crime, and Market Conduct.
- Operational Efficiency: Appraise the efficiency and effectiveness of resource utilisation and operational processes.
- Reliability of Reporting: Verify the accuracy, reliability, and integrity of financial and operational reporting mechanisms.

The Internal Audit function is directly accountable to the Board of Directors through the Board Audit Committee (BAC). The function's key responsibilities include:

- Conducting periodic assessments of CBI's risk and control frameworks and reporting on their adequacy and effectiveness.
- Highlighting significant issues related to governance, risk management, and internal control, along with actionable recommendations.
- Providing updates on the execution of the annual audit plan, results of completed audits, and sufficiency of internal audit resources.
- Coordinating with other assurance functions, including Compliance, Risk Management, and Information Security, to ensure integrated assurance coverage.
- Overseeing follow-up processes to ensure timely and effective implementation of audit recommendations.

The Head of Internal Audit reports functionally to the Board Audit Committee and administratively to the CEO. The BAC is responsible for the appointment, removal, and compensation of the Head of Internal Audit, thereby safeguarding the function's independence and objectivity.

To maintain independence, the Internal Audit function refrains from assuming operational responsibilities or implementing control. However, it provides advisory support, such as reviewing systems under development or offering guidance on control design, without compromising objectivity.

In line with statutory requirements, the Internal Audit function collaborates with Finance and external auditors to ensure the timely release of quarterly financial statements and regulatory submissions.

CORPORATE GOVERNANCE
Continued

The Head of Internal Audit actively participates as a non-voting observer in key management committees, including the Management Risk Committee, Compliance Committee, and Centralised Purchase Committee. This participation adds value by providing oversight and recommendations aligned with best practices and regulatory expectations.

Enhancements for 2024:

- Increased focus on risk-based auditing, emphasising areas critical to regulatory compliance and operational resilience.
- Adoption of advanced data analytics and audit tools to improve the effectiveness of audits.
- Strengthened collaboration with the second line of defense functions to ensure comprehensive risk coverage and efficient resource utilisation.

8. Customer Experience

The Customer Experience department, led by Ms. Shamsa AlSuwaidi, plays a pivotal role in the Bank's commitment to improving customer satisfaction and delivering exceptional service. Its primary objective is to align all customer interactions with the Bank's vision of excellence, fostering trust and long-term loyalty.

In 2024, the department's reporting structure shifted to directly report to the CEO, broadening its responsibilities to cover all aspects of Customer Experience. The department played a crucial role in driving initiatives related to Consumer Protection Regulations, Customer Complaints, and Consumer Education and Awareness. Key activities for 2024 included:

- Reporting on customer satisfaction scores, Net Promoter Score (NPS), complaint resolution times, and other key performance indicators (KPIs).
- Providing actionable recommendations based on customer feedback and trend analysis.
- Enhancing customer service tools, including the implementation of knowledge bases and a comprehensive complaint management system.
- Launching the "Happy or Not" project for real-time customer feedback.
- Empowering staff with tools and training for more effective issue resolution.
- Rolling out automated surveys and process automation to reduce resolution times and improve tracking.
- Reviewing communications and rolling out the awareness campaigns on monthly basis.

Operating independently from day-to-day operations, the department focuses on monitoring, evaluating, and advising on improvements while collaborating with operational teams. Moving forward, the department will continue to expand inclusive banking initiatives, enhance digital offerings like WhatsApp Phase 2, and drive cultural change within the Bank to prioritise customer satisfaction.

In 2025, the department will focus on several key areas, including:

- Conducting reviews of customer touchpoints across departments to ensure alignment with customer-centric objectives and regulatory standards.
- Improving the effectiveness of customer-facing processes to ensure they are seamless and efficient.
- Leveraging customer feedback from surveys, complaints, and direct engagements to drive service improvements.
- Evaluating the utilisation of tools, systems, and personnel in achieving customer experience goals.
- Ensuring compliance with consumer protection standards and regulations.

9. Handling Customers' Complaints

In 2024, creating a customer-centric culture was a paramount objective for CBI, recognising that customer satisfaction and engagement are pivotal to our success and growth. We have intensified our efforts to not only address but also anticipate customer needs, ensuring that our strategies and actions align with this vision.

Customers' feedback, particularly through their complaints, is an invaluable asset for improving and refining the operations at CBI, as we firmly believe that our customers are fundamental to our success and growth. Acknowledging the critical role of our customers in ensuring our ongoing viability and achievement, our Customers' Complaints dedicated team is tasked with the vital role of addressing customer grievances, a key focus area for our executive management in line with best practices in the industry.

This team has been committed to promptly and effectively resolving customer complaints, ensuring satisfaction and compliance with the core CBUAE values of Transparency, Fairness, Empathy, Reliability, and Accessibility. As part of our commitment to fostering a customer-centric culture, we have rolled out several new initiatives:

We have streamlined our complaint handling processes, ensuring quicker and more effective resolution. Our goal was to surpass the 79% mark of complaints resolved within five business days, set in 2023.

In 2024, we achieved a notable milestone by resolving 96% of customer complaints within the agreed five working days. This significant enhancement by 17% in our response time is attributable to increased efficiency in our processes. We are committed to further elevating this percentage by continuing to streamline and optimise our operational procedures.

CBI has augmented its customer complaint handling strategy by integrating a high-level feedback mechanism. Following the resolution of each complaint, we now initiate automated comprehensive customer satisfaction surveys. The insights gathered from these surveys are instrumental in driving ongoing enhancements to our service delivery and customer experience strategies.

Complaints are managed on a priority basis with a focus on root-cause analysis. This approach ensures continuous improvement in our processes and service levels, addressing not just the symptoms but the underlying issues.

Ensuring multiple access channels for customers to raise complaints, with a centralised approach to monitoring, managing, and resolving these issues by one dedicated team. This strategy aids in better understanding customer concerns and providing required assistance through their preferred communication channel.

10. Conflict of Interest and Insider Trading Policies

Generally, the Board of Directors in their capacity as non-executives of CBI, must ensure that CBI Management have adequate policies in place and that these are followed across the Bank. With regards to compliance-related matters, this entails that any CBI Policy, or change thereto, must be vetted by the Board. Moreover, any risk appetite set within CBI's policies is a prerogative of the Board. Consequently, any deviation from the preset risk appetite must carry the Board's prior approval.

- Conflict of Interest/Staff

  Compliance owns the CBI – Conflict of Interest Policy (COIP). The COIP applies to all employees of the Bank. It explains what constitutes conflicts of interest, under which circumstances these are problematic and obligates employees to formally report such conflicts to Compliance. Compliance will assess the nature of the reported conflict and recommend whether the conflict is permissible, with HR copied in.

- Conflict of Interest/Board of Directors

  A similar COIP was created for the Board of Directors. While the same typologies and principles apply to Board members, the Chairman of the BRC will assess the nature of the reported conflict and recommend whether the conflict is permissible.

- Related Party Transaction

  The Related Party Transaction Policy was approved in 2024, with Compliance serving as its custodian. Conceptually, it is a subset of the Conflict-of-Interest Policy. Credit or other contractual advantages may only be extended to Related Parties at "arms-length" (as if Related Parties were regular clients, under regular terms). Identified stakeholders must periodically report to Compliance, maintain, and update a list of individuals whom the stakeholders identify as Related Parties.

CORPORATE GOVERNANCE
Continued

– Management of Insider Trading

As CBI is a listed entity, staff are prohibited from trading in CBI shares within clearly defined timelines to avoid any transactions that could be perceived as insider trading (which is a criminal offence). Compliance manages the Insider Trading Policy which defines what constitutes insider trading, the internal controls that apply within the Bank, the listing of insiders, and the obligation for employees to define and regularly reaffirm their insiders.

11. Innovation and Sustainability

In 2024, CBI continued to make history and solidify its reputation as a regional trail blazer:

- Invested in Boomitra, a Stanford-born carbon project developer and Earthshot Prize winner that utilises AI-enabled solutions to enhance soil health and boost crop yields while generating carbon credits
- Signed a strategic partnership with Network International to enable fintechs and innovative payment solutions in the market, the first one launched being NOW Money
- Having successfully signed a credit guarantee agreement with Emirates Development Bank, we are negotiating a partnership with Credible X (ADQ backed SME finance) to support their Innovation & Sustainability Trade Finance products as a liquidity provider
- Signed a partnership with e& and World-Wide Generation to become an anchor in their blockchain based consortium, supported by the UAE government, to track and enhance sustainability performance for entities and on behalf of entities' clients
- Signed a partnership with Zumo to enable carbon footprint tracking and offsetting for virtual assets in the UAE
- Signed a partnership with Fuze to explore opportunities for banks in virtual assets
- Signed a partnership with Areeba to facilitate processing services for bin sponsorship and Banking as a Service partners
- Signed a partnership with Planet9 and Lulu to launch Remit Now, Pay Later, a short term, credit line remittance offering that will compete with BOTIM and addresses a significant and growing market opportunity
- CBI has been among the first banks in the UAE to successfully implement Aani, the Central Bank's instant money transfer platform, improving customer experience on domestic money transfers.
- Signed a strategic partnership with Meydan Freezone to support their companies in their growth with a variety of banking services

12. Empowering Talent and Advancing Emiratisation

As of 31 December 2024, the Bank achieved a significant milestone by employing 503 permanent employees, reflecting steady growth compared to 453 employees in 2023 and 441 employees in 2022. The Bank has a strong track record of maintaining positive employee relations, with no history of industrial disputes.

As part of a national Emiratisation policy, UAE banks are instructed to increase the number of UAE nationals on their payroll by a set percentage per annum. The Bank is committed to achieving its Emiratisation target of 45%. of its employees being UAE nationals by 2026 and has implemented corresponding targets across all business units.

Our Emiratisation journey has been remarkable, with the percentage of UAE Nationals increasing from 21% in 2021 to 32% in 2024 (24% in 2022, 26% in 2023), surpassing key milestones each year. In absolute terms, the number of Emirati employees grew from 85 in 2021 to 161 in 2024, a significant growth over three years.

Notably, the representation of Emiratis in senior management positions rose significantly from 11% in 2021 to 25% in 2024, underscoring our dedication to empower UAE nationals in leadership roles.

To ensure the continuous development of Emirati talent, the Bank has partnered with prestigious institutions such as IESE, Harvard, and Oxford, offering advanced learning opportunities for our Emirati employees. These initiatives reflect our long-term commitment to equip UAE nationals with the skills and knowledge necessary to excel in a dynamic banking landscape.

The Bank remains resolute in its ambition to achieve the UAE's Emiratisation target of 45% by 2026, with integrated strategies and programmes to advance UAE nationals across all levels.

13. Delegation of Authority

As per CBI's Articles of Association (AoA), the Chairman serves as the legal representative of the company before the courts and in its dealings with third parties. To facilitate the effective management of the Bank, the Chairman has issued a duly notarised Power of Attorney (the "CEO POA") to the CEO, delegating authority to oversee the Bank's day-to-day operations.

The CEO, in turn, may sub-delegate specific powers to Executive Management or other officers within the Bank. Additional delegations may be granted to CBI staff, external legal advisors, or other third parties as necessary to support the Bank's operational and business needs.

Importantly, the Board of Directors retains ultimate authority and does not delegate its powers in an absolute manner, ensuring robust oversight and accountability over all delegated authorities.

POA Dated	Name of Principal	Name of Proxy Holder	Duration	Purpose
22 October 2024	Saif Al Shehhi (Chairman)	Dr. Ghaith Al Ghaith (Board member)	Open or until he leaves the Bank	For the execution of sale transactions of specific real estate outside UAE on behalf of CBI
13 November 2024	Saif Al Shehhi (Chairman)	Ali Sultan Al Amiri (CEO)	Open or until employee leaves the Bank	Authority as CEO
19 December 2024	Ali Sultan Al Amiri (CEO)	Evren Altiok Hassanain Ali Tawfiq Adnan Zuwayyed Rajesh Arora Hashem Abu Hanak Kumar Mahapatra Randa Kreidieh Giovanni Gavino Everduin Ahmed Jassim	Open or until employee leaves the Bank	General Executive Management

CORPORATE GOVERNANCE
Continued

14. Employee Remuneration and Reward

The oversight of incentive and compensation policies is a critical responsibility of the Board Nomination and Remuneration Committee (BNRC). This governance structure ensures that all designs, systems, and compensation frameworks are benchmarked against industry-leading standards and fully comply with the regulations of the CBUAE. Utilising services from top-tier providers for benchmarking, the BNRC diligently aligns these structures with the best market practices. Every policy, compensation structure, title framework, and benefit package undergo an internal review process and receives preliminary approval from the BNRC. This is followed by final approval from the board, reflecting a commitment to transparency, accountability, and adherence to corporate governance standards.

The table below reflect total remuneration paid during the year for the Senior Management staff including Material Risk Takers:

Total No.	Total Salary and Benefits Paid	2024 Bonus	Any Other Payouts	Total
57	53,003,982.67	18,549,135.00	9,406,662.00	80,959,779.67

15. External Auditors

In accordance with the Federal Law no. (32) of 2021 concerning Commercial Companies, SCA Corporate Governance Guidelines, and CBUAE Regulations, CBI's General Assembly appoints an external auditor for one (1) fiscal year based on recommendations made by the Board Audit Committee and the Board of Directors, provided that the same external auditor is not appointed for more than six years (partner to be replaced after a period of three years).

As per CBI's External Auditor Selection Policy, the performance of the external auditor is reviewed annually, and proposals for external audit services are requested each year, taking into consideration the external auditor's performance. The incumbent audit firm will not be eligible for reappointment upon completion of six years as the Bank's external auditor and the partner must be replaced after a period of three years, subject to the cooling-off period.

On 14 February 2024, the General Assembly approved the Board of Directors' recommendation to appoint Grant Thornton as the external auditors of the Bank for the fiscal year ending on 31 December 2024, for a total fee amounting to AED 673,915 excluding value-added tax and incidental expenses.

Grant Thornton UAE is a leading member firm of Grant Thornton International, one of the world's largest networks of independent audit, tax, and advisory firms. Established in the UAE, the firm has built a strong reputation for delivering high-quality professional services tailored to the unique needs of businesses in the region. With extensive experience across various sectors, Grant Thornton UAE provides a comprehensive range of services, including external audit, risk management, and consulting, to help organisations achieve their strategic objectives. Recognised for its commitment to excellence, innovation, and adherence to international standards, Grant Thornton UAE is a trusted partner for businesses navigating the dynamic regulatory and economic landscape of the UAE.

Grant Thornton raised no reservations regarding CBI's quarterly interim and year-end financial statements for the year ended 31 December 2024.

16. Credit Ratings

The following table highlights the ratings of CBI by two leading international rating agencies:

CBI	Fitch Issuer Default Rating (IDR)	Capital Intelligence Foreign Currency Rating (FCR)
Long-Term Rating	BBB+	BBB+
Short-Term Rating	F2	A2
Outlook	Stable	Stable

17. Capital and Shares

As of 31 December 2024, the total authorised, issued and fully paid-up share capital of CBI is AED 1,737,383,050.00 consisting of 1,737,383,050 ordinary shares of AED 1 each.

On 4 October 2023, following the resolutions of the General Assembly meeting of the Bank held on 12 July 2023 ("GA Meeting"), it was decided to increase the Bank's issued share capital by up to AED 889,100,000 through a rights issue. The new shares will be offered at a nominal value of one (1) dirham per share, with a total of up to 889,100,000 shares to be issued. The Bank will also make certain necessary amendments to the Bank's articles of association arising as a result of the increase to the Bank's issued share capital and to be in accordance with the provisions of Federal Decree-Law No. 32 of 2021 regarding commercial companies.

18. Shareholding Structure of CBI

As of 31 December 2024, the shareholding structure of CBI was distributed in the following manner:

Citizenship of Owners	Individuals	Companies	Government	Total
UAE	144	24	1	169
GCC	161	13	0	174
Arab	33	0	0	33
Others	18	3	0	21
Total	**356**	**40**	**1**	**397**

19. Major Shareholders of CBI

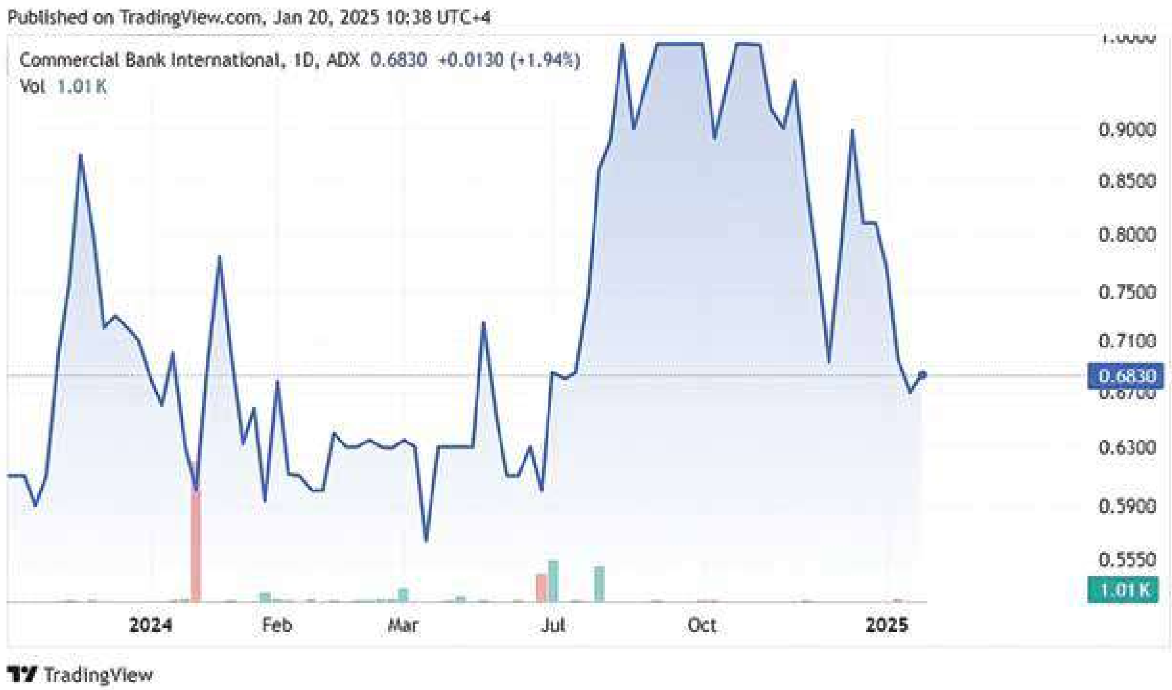
As of 31 December 2024, the following entities have more than 5% shareholding in CBI:

– Qatar National Bank	40%
– Bin Owaida family and business	22.40%
– Mohd Omar Bin Haidar Investment	8.86%

CORPORATE GOVERNANCE
Continued

20. Share Price Performance and Trading Volume

2024 share price performance



ADX FADGI Index

Share price performance and monthly trading volume in 2024

	Open (AED)	Close (AED)	MoM Change	MoM % Change	High (AED)	Low (AED)	Value (AED)	Volume	Trades
January	0.680	0.600	(0.11)	(15.49)	0.780	0.590	34,256,478	55,372,410	348
February	0.595	0.629	0.03	4.83	0.678	0.550	2,899,244	4,735,253	72
March	0.625	0.630	0.00	0.16	0.635	0.567	3,843,475	6,157,606	19
April	0.630	0.724	0.09	14.92	0.724	0.630	235,287	372,426	5
May	0.652	0.610	(0.11)	(15.75)	0.652	0.587	62,268	105,500	5
June	0.610	0.600	(0.01)	(1.64)	0.630	0.600	6,148,026	10,237,493	3
July	0.610	0.990	0.39	65.00	0.990	0.610	18,121,561	26,907,407	19
August	0.970	0.940	(0.05)	(5.05)	0.970	0.900	11,495	11,950	6
September	0.900	0.990	0.05	5.32	1.060	0.900	415,150	430,450	18
October	1.040	0.891	(0.10)	(10.00)	1.040	0.891	513,581	557,000	6
November	0.940	0.950	0.06	6.62	0.990	0.891	54,775	56,586	19
December	0.950	0.810	(0.14)	(14.74)	0.950	0.693	206,025	242,094	22
Total							**66,767,364**	**105,186,175**	**542**

21. Shareholders Distribution Based on Volume

As of 31 December 2024, the shareholding of CBI was distributed in the following volumes:

Share Ownership Volume	Number of Shareholders	Number of Shares Owned	Percentage of Owned Shares
Less than 50,000	292	1,423,375	0.08
50,000 – 500,000	49	9,107,659	0.52%
500,000 – 5,000,000	31	35,586,511	2.04%
Above 5,000,000	25	1,691,265,505	97.34%
Total	**397**	**1,737,383,050**	**100%**

CORPORATE GOVERNANCE
Continued

22. Shareholders' Rights

CBI's corporate governance practices are designed to protect and facilitate the exercise of shareholders' rights while ensuring the equitable treatment of all shareholders, including minority shareholders. The Bank maintains open and transparent communication channels with its shareholders, regularly publishing all relevant information for investors and stakeholders through its website and other media platforms.

CBI's Articles of Association affirm that all capital shares carry equal rights, ensuring non-discriminatory ownership in the Bank's assets, profits, attendance at General Assembly meetings, and voting rights, based on the principle of "one vote per share."

In accordance with the UAE Commercial Companies Law, CBI's Articles of Association stipulate that the General Assembly must convene at least one ordinary meeting within four months following the end of each financial year. The Board may also call for a General Assembly meeting at its discretion or upon request by the external auditor or shareholders holding at least 10% of the Bank's capital for a specific purpose.

As of 31 December 2024, CBI convened one General Assembly Meeting on 14 February 2024. The meeting was attended by shareholders, in person and by proxy, holding a total of 1,504,392,054 shares, representing 86.59% of the company's capital.

No special resolutions were proposed for shareholder approval during the meeting. All related disclosures have been made available on the Bank's website and its dedicated page on the Abu Dhabi Securities Exchange (ADX) website.

23. Stakeholder Engagement and Disclosure (Investor Relations)

CBI is committed to maintaining high standards of transparency and enhancing its disclosures to align with both local regulatory requirements and international best practices. Through its Investor Relations function, CBI ensures timely and accurate communication with shareholders and potential investors, providing regular updates via quarterly results, press releases, and a detailed Annual Report. The Bank adheres to all disclosure requirements, furnishing accurate and transparent financial information, audit reports, and regulatory disclosures to the CBUAE, ADX, and other relevant authorities.

CBI affirms that all statements, including Basel III – Pillar 3 Disclosures, are true, accurate, and not misleading to the best of its knowledge. The Bank's annual financial reports comply with the International Financial Reporting Standards (IFRS) and the applicable provisions of CBUAE regulations. Furthermore, the external auditors confirm that all required information has been provided, and the audit was conducted in accordance with International Standards on Auditing (ISA).

Investor Relations Contact Details

Ms. Hala Al Safadi
Company Secretary and Head of Investor Relations

investor.relations@cbi.ae

+971 4 402 3972

+971 54 584 2004

24. Dealings in CBI Shares and Related Party Transactions

CBI affirms that during the reporting period, no member of the Board of Directors, their related parties, or senior management and their related parties engaged in any dealings involving CBI's shares.

In handling related-party transactions involving Directors or their related parties, the Bank implemented essential controls ensuring that Directors refrain from participating in discussions or voting on such transactions, resulting in a transparent and conflict-free decision-making process.

CBI has not recorded any single transaction with a related party that exceed 5% of the Bank's capital

CBI enters into transactions with companies and entities that fall within the definition of a related party as contained in IAS 24 Related Party Disclosures. Related parties comprise companies under common ownership and/or common management and control, their shareholders and key management personnel. Transactions with associates and other related parties are made on substantially the same terms as those prevailing at the same time for comparable transactions with external customers and parties.

Balances at the end of the reporting period

	Terms %	2024 Amount in AED '000
Subsidiaries		
Financial guarantee contract	–	5,009
Associate		
Customers' deposits	–	2,711
Key management personnel (including directors)		
Loans and advances to customers	3.00 – 7.7	22,520
Customers' deposits	0.1 – 5.9	9,011
Key management personnel (including directors)		
Interest income		1,311
Interest expense		879
Compensation of key management personnel (i)		38,115

(i) These include long-term benefits amounting to AED 1 million (2023: AED 0.8 million).

25. Corporate Social Responsibility (CSR) and Community Contributions

CBI is committed to supporting the communities in which it operates. However, during the reporting period, the Bank did not make any formal contributions under its Corporate Social Responsibility (CSR) initiatives. CBI continues to explore opportunities to contribute meaningfully to societal and environmental causes aligned with its values and long-term sustainability objectives.

CBI's Corporate Governance Report for 2024 has been signed off by the Internal Control Departments as follows:

Randa Kreidieh
Mrs. Randa Kreidieh
Chief Risk Officer

Rajesh Arora
Rajesh Arora (Jan 29, 2025 12:34 GMT+4)
Mr. Rajesh Arora
Chief Financial Officer

David Pije (Jan 29, 2025 11:42 GMT+4)
Mr. David Pije
SVP – Head of Compliance

Ziad Abdelghani
Mr. Ziad Abdelghani
SVP – Head of Internal Audit

SUSTAINABILITY REPORT

INTRODUCTION

ABOUT THIS REPORT

Purpose of This Report

We are pleased to present Commercial Bank International PJSC's (CBI) 2024 Sustainability Report, which reflects our commitment to embedding sustainability throughout our operations. The Report is intended for key stakeholders – including customers, investors, employees, suppliers, partners and communities – and offers a comprehensive overview of our sustainability strategy and the progress we have made on material ESG issues.

This Report further complements our Corporate Governance Report 2024.

Scope

This Report covers the calendar year 2024 and focuses on CBI's operations in the UAE. Where relevant, data from previous years has been included for comparative purposes.

All monetary values mentioned are in Arab Emirates Dirhams (AED).

Reporting Standards

The Report has been prepared in accordance with local reporting standards, including the UAE Securities and Abu Dhabi Securities Exchange (ADX) ESG disclosure guidance for listed companies.

The Global Reporting Initiative (GRI) Standards and the United Nations Sustainable Development Goals (UN SDGs) informed our disclosures.

Assurance

We have opted for an internal review and approval process for this Report to guarantee the quality and accuracy of the information presented.

Contact

We value and welcome all feedback. Please share your thoughts at sustainability@cbi.ae.

CEO MESSAGE

Dear Stakeholders,

I am pleased to present our fifth sustainability report outlining our initiatives on Environmental, Social and Governance (ESG) activities for 2024.

Following the UAE's significant achievements in advancing sustainability, including the successful hosting of COP28 in 2023, His Highness Sheikh Mohamed bin Zayed Al Nahyan, President of the UAE, declared that the *Year of Sustainability* would continue into 2024. Under the tagline 'Plan to Action,' the UAE aims to foster positive behaviour changes in areas such as responsible consumption, green transportation, water and energy conservation, and sustainable farming.

At CBI, we understand that our role goes well beyond providing financial services. Our commitment aligns closely with the UAE's vision of a sustainable, inclusive, and prosperous future for our country, the region and the planet.

Sustainability, for us, is about stewardship. It is not just a goal; it is our promise to harmonise economic growth, social equity, and environmental care. It is our opportunity to leave a positive and enduring legacy for future generations.

In 2024, we embedded sustainability into our corporate strategy. By integrating it into every aspect of our operations and decision-making, we are ensuring that sustainability is not an afterthought but a guiding principle.

Our Board of Directors approved CBI's sustainability strategy along with a robust governance framework that lays the foundation for our ESG roadmap. To drive this strategy forward, we established a dedicated ESG Team responsible for developing, monitoring, and executing this roadmap. The team reports directly to our newly formed ESG & Sustainability Committee, ensuring transparency, accountability, and alignment throughout the Bank.

This year, we championed impactful initiatives that reflect our commitment to sustainability and innovation. Technology has been a key enabler in helping us support projects that address pressing social and environmental issues. By embracing innovation and collaborating with organisations that share our vision, we have amplified our collective efforts. Together, we are advancing sustainable finance, fostering financial inclusion, and addressing global challenges such as climate change.

Our people remain at the heart of everything we do. We are committed to fostering a diverse, inclusive, and empowering workplace where talent thrives, and innovation flourishes. Emiratisation continues to be a top priority for us, as we support the UAE's national agenda by nurturing and developing local talent. We are proud of the progress we have made in creating opportunities for our Emirati colleagues and contributing to the nation's vision for human capital development.

However, we also acknowledge that there is more to accomplish. The challenges ahead – whether environmental, economic, or social – require collaboration, innovation, and resilience. As a bank, we are determined to play our role in addressing these challenges. We will continue to set ambitious goals, seek innovative solutions, and drive positive change.

Our vision for the future is clear: to create a more sustainable, inclusive, and prosperous tomorrow. We are committed to working hand-in-hand with the public authorities, our partners, employees, and stakeholders to amplify our efforts and ensure that the choices we make today lead to a brighter future for generations to come.

INTRODUCTION
Continued

ABOUT CBI

Commercial Bank International (CBI) is a leading UAE bank dedicated to empowering businesses and individuals through innovative, personalised, and growth-focused banking solutions. Established in 1991 and headquartered in Dubai, CBI offers a diverse range of services, including corporate, retail, and Islamic banking solutions. Leveraging its innovative capabilities, CBI provides bespoke banking services to help clients achieve their ambitions. CBI is listed on the Abu Dhabi Securities Exchange (ADX) and is regulated by the Central Bank of the UAE and the Securities and Commodities Authority (SCA).

The majority of shareholders are UAE citizens and include the government of Ras Al Khaimah and our Board of Directors, chaired by Saif Ali Al Shehhi.

Our Vision

To be recognised as a high performing UAE bank for leading companies and ambitious individuals who value long-term banking relationships.

Our Mission

CBI supports the people of the UAE to prosper in their personal and business lives, an important pillar of the UAE's broader vision.

We continue to operate an Empathy, Reliability and Accessibility Committee in line with the UAE Banks Federation's (UBF) norms and recommendations. Our aim is to improve service quality standards and boost consumer trust in the UAE's banking sector by following these principles when handling complaints.

Prioritising customer complaints is another primary focus. Conducting root-cause analyses ensures that CBI's processes and service standards are always improving. Providing customers with multiple access channels for filing complaints, as well as a centralised approach to monitoring, managing, and resolving complaints by a single team, has helped us to better understand customer concerns and to support them with the necessary assistance through their preferred communication channel.

2024 AWARDS

Best Data-Driven AI Initiative in Credit Assessment for 2024
Middle East Banking AI and Analytics Summit and Awards

Best Use of AI in Risk 2024
AI World Series

Banking Innovators of the Year 2024
Worldwide Finance Awards 2024

Outstanding Achievement in Metaverse Adoption
FT.NFT Award ceremony

Bronze Stevie Award for Innovation in Technology Management, Planning & Implementation – Financial Services Industries
Middle East Stevie Awards 2024

Banking Innovators of the Year 2024
MEA Markets – UAE Business Awards

Gold Stevie Award for Innovation in Technology Development – Financial Services and Industries
Middle East Stevie Awards 2024

Gold Stevie Award for Innovation in Public Enterprise Events
Middle East Stevie Awards 2024

Best Predictive Analytics AI Product 2024
AI World Series

Most Innovative AI Credit Scoring Solution
UAE 2024 International Finance Magazine

How We Engage With Our Stakeholders

Abu Dhabi
Abu Dhabi Branch, Al Bateen Street

Al Ain
Al Ain Electronic Banking Unit

Dubai
Dubai Main Branch, Al Riqqa Street
Dubai Mall Branch, Dubai Mall
Jumeirah Branch, Jumeirah Street

Sharjah
Sharjah Buhaira Branch, Al Majaz 3
Sharjah Electronic Banking Unit, Al Majaz 2

Ras Al Khaimah
Ras Al Khaimah Branch, Julphar Towers

OUR APPROACH TO SUSTAINABILITY

OUR PRIORITIES

One of the UAE's top priorities is to foster a sustainable, environmentally conscious, and inclusive economy, a commitment that was reinforced when the nation successfully hosted the world at COP28 in Dubai in 2023.

As the first country in the GCC to commit to net zero, the UAE has demonstrated leadership in decarbonisation by launching a comprehensive strategy for achieving long-term environmental sustainability in the Net Zero by 2050 Pathway.

In line with the nation's pledge to advance global efforts in the fight against climate change, CBI has earmarked sustainability as a distinct pillar in the Bank's corporate strategy, so reaffirming our commitment to stakeholders to reduce our environmental impact and foster responsible growth.

Stakeholder Engagement

Encouraging an open dialogue with our key stakeholders, who we define as those most affected by our activities and those with the greatest ability to influence them, is essential to understanding their expectations and in identifying the material ESG issues which will have the greatest impact.

To assist us in defining our strategic priorities and roadmap, we use various channels to engage proactively with our stakeholders to understand their priorities.

OUR APPROACH TO SUSTAINABILITY
Continued

OUR PRIORITIES
Continued

ESG Materiality Assessment

As part of CBI's commitment to transparency and accountability, we conducted a materiality assessment exercise during the year to prioritise the most relevant ESG topics.

We identified the material ESG topics based on:
- Internal stakeholder interviews
- Double materiality assessment – focusing on evaluating ESG issues comprehensively, by addressing issues which may influence our financial performance and may impact the environment and society
- Desk research

Based on this, we identified a range of material ESG topics that could significantly impact CBI's operations and stakeholders.

1 Environmental

Sustainable Finance

Environmental Footprint

Climate Risk Management

2 Social

Customer Satisfaction

Financial Inclusion & Accessibility

Innovation

Diversity & Inclusion

Emiratisation

Employee Engagement & Satisfaction

Employee Health & Wellbeing

Talent Attraction & Development

3 Governance

Corporate Governance & Business Ethics

Risk Management

Business Ethics & Compliance

Responsible Procurement

Privacy & Cybersecurity

Business Continuity

Tax Transparency

OUR APPROACH TO SUSTAINABILITY

Continued

SUSTAINABILITY HIGHLIGHTS 2024

ESG & Sustainability Strategy and Governance framework approved.

Invested in Boomitra to create more sustainable and climate-smart agricultural systems.

Partnered with Zumo to advance innovation in sustainability of digital assets.

Partnered with Emirates Development Bank to improve financial inclusion and empower SMEs.

Signed a partnership with e& enterprise and World Wide Generation (WWG) to launch a National Sustainable Finance Utility for UAE banks.

Partnered with Zypl to unlock financial opportunities with synthetic data.

Local Procurement

84%
of Procurement budget spent on local suppliers

Emiratisation

32%
of UAE nationals in the workforce

38%
of senior management and leadership roles held by UAE nationals

Diversity

43%
of female employees in our workforce

22%
female Board representation

36
different nationalities

Learning & Development

13,506
hours of trainings

OUR APPROACH TO SUSTAINABILITY
Continued

SUSTAINABILITY GOVERNANCE FRAMEWORK

CBI has integrated sustainability into our existing governance structure to accelerate progress on sustainability and to reflect its strategic importance.

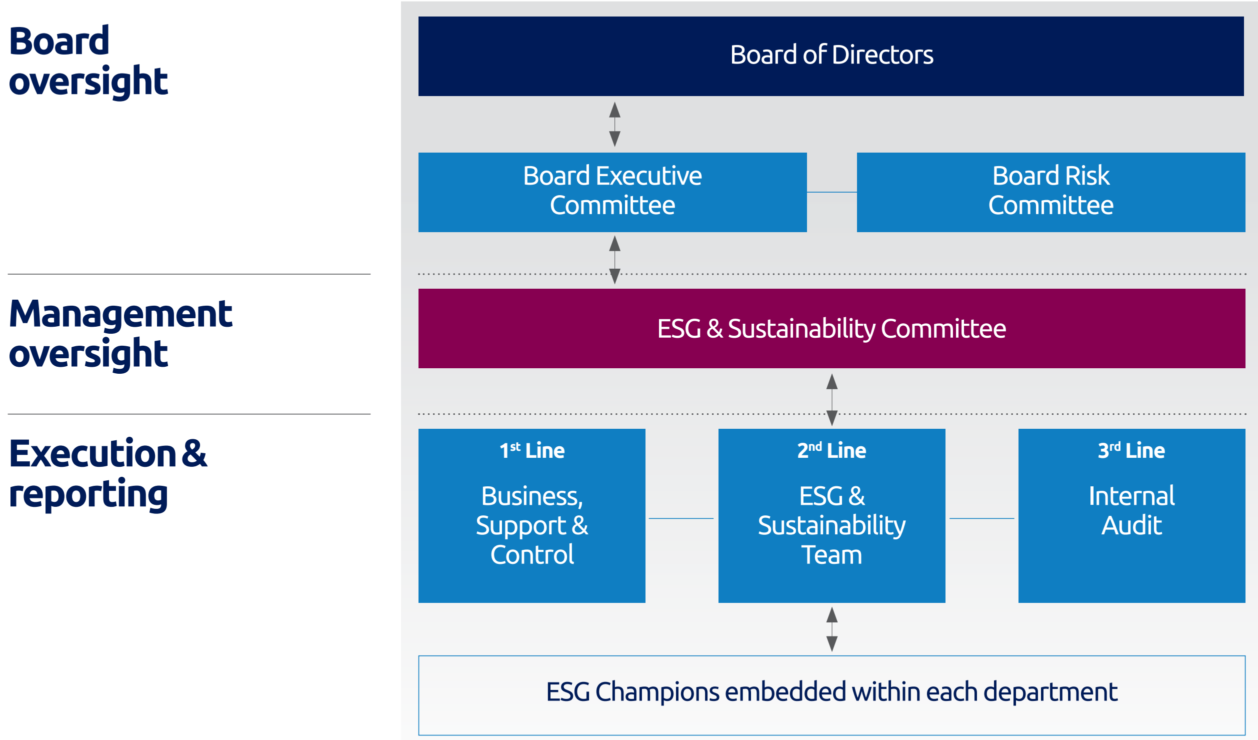
To ensure strong governance and Board oversight, all sustainability-related initiatives are managed by our ESG & Sustainability Committee, chaired by the CEO and reporting to the Board Executive Committee. Comprising all executives, the ESG & Sustainability Committee serves as the highest management authority for sustainability decisions, providing strategic direction and guidance for the implementation of the sustainability strategy. The Board Executive Committee, acting on behalf of the Board of Directors, oversees the development and execution of the sustainability strategy.

The first line is responsible for adhering to CBI's Sustainability Strategy and conducting ESG risk assessments.

The Sustainability Central Team collaborates with management and the Sustainability champions to develop our strategy and monitor the execution of the Sustainability roadmap. The champions serve as a bridge between the Sustainability Central Team and their departments, facilitating effective communication and collaboration to advance CBI's sustainability agenda.

The third line of defence ensures independent assurance of the ESG strategy and actions.

This structure facilitates the integration of sustainability principles into our corporate strategy and operation to drive intentional, achievable changes with real impact.



Members of the ESG & Sustainability Committee:

- Chief Executive Officer (Chairperson)
- Chief Strategy & Innovation Officer (Vice-Chairperson)
- Chief Credit Officer
- Chief Risk Officer
- Chief Financial Officer
- Chief Operating Officer
- Executive Vice President Wholesale Banking Group
- Executive Vice President Retail Banking Group
- Senior Vice President Compliance
- Chief Human Resources Officer
- Senior Vice President Legal
- Vice President Corporate Secretariat & Investor Relations
- Vice President Customer Experience

Permanent consultative member:

- Senior Vice President Internal Audit

CLIMATE CHANGE

As a bank, we recognise that we play a critical role in supporting the transition to a low-carbon economy. Without the active participation of the banking sector, the funding gap for achieving the United Nations Sustainable Development Goals (SDGs) and Paris Agreement targets cannot be bridged.

Climate change presents both physical and transition risks that have significant implications for financial institutions. We have therefore integrated climate-related risks into our risk management framework.

SUSTAINABLE FINANCE

Pioneering Industry-Wide Sustainability Solutions

This year marks an exciting milestone in our efforts to drive more sustainable finance practices, through impactful technology-driven projects and partnerships.

CBI has joined forces with e& enterprise and World Wide Generation to launch a National Sustainable Finance Utility for UAE banks.

We have embarked on a journey with e& enterprise, the digital transformation arm of the global technology group e&, and its partner World Wide Generation (WWG) to enhance the 'Sustainability as a Service' offering for the MENA region.

By joining forces with the leadership of the UAE and its entities – including regulators, financial institutions, and government ministries – e& enterprise and WWG aim to support banks, investors, and corporations in meeting upcoming reporting regulations, while helping the UAE achieve its ambitious target of unlocking AED 1 trillion in sustainable finance by 2030.

The National Sustainable Finance Utility aims to integrate innovative financing mechanisms, including green and impact bonds, sustainability-linked loans, tokenisation, and sukuk, with technologies like blockchain and AI to address the standardisation, transparency, governance, and analytics required to achieve global social, economic, and environmental goals by 2030.

The development of a Global Sustainable Finance Utility will enable banks and investors to map, monitor, measure, manage, and market their sustainability performance end-to-end, while facilitating the sharing of data directly with both their internal and external stakeholders through a single, inter-operable platform.

By leveraging WWG's cutting-edge platform to integrate sustainability standards into traditional financial analysis and operations, the National Sustainable Finance Utility is aiming to accelerate sustainability and digital transformation throughout the UAE banking sector.

As a cornerstone partner in this pilot consortium, CBI will play a pivotal role in empowering financial institutions to map, monitor and market their sustainability performance, for themselves and clients, by leveraging the same inter-operable platform. The partnership underscores our commitment to advancing the UAE's vision of a more sustainable future for the country, the region and the planet.

"Sustainability is very close to my heart. As a bank, we are strongly committed to supporting the UAE's vision of a more sustainable future for the country, the region and the planet. A key pillar in our banking strategy is partnership-driven innovation, so partnering with e& enterprise and World Wide Generation marks a milestone in executing our ambitions to support the establishment of a sustainable finance utility in the banking sector.

Similarly, our ability to track and govern our collective sustainability performance is a critical driver in achieving our shared goals. We are proud to be a founding bank on the G17Eco platform."

Ali Sultan Rakkad Al Amri
CEO, Commercial Bank International

In line with the UAE government's vision to create more sustainable and climate-smart agricultural systems, we announced our first impact investment in Boomitra, a pioneering carbon project developer and Earthshot Prize winner.

Boomitra is one of the leading international soil carbon marketplace. Powered by AI and remote sensing technology, Boomitra empowers farmers and ranchers to transform agricultural practices, earn new streams of income, and create a thriving planet.

The investment is to enhance regenerative agriculture initiatives across the Middle East, Africa, and Asia, using AI-enabled solutions to empower farming communities and boost climate resilience, and will also support Boomitra's efforts in leveraging cutting-edge satellite data and AI to measure soil carbon sequestration.

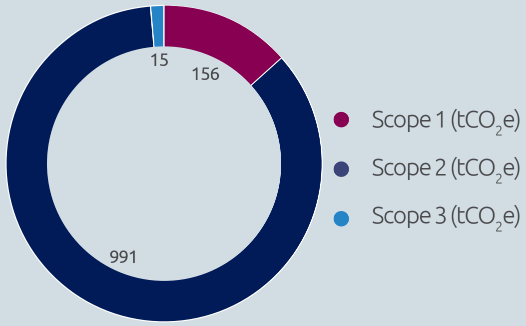
This innovative approach will enhance soil health and boost crop yields, while generating carbon credits that offer financial incentives to farmers.

CLIMATE CHANGE
Continued

ENVIRONMENTAL FOOTPRINT

The UAE has pledged to advance global efforts in the fight against climate change as emphasised in the Net Zero by 2050 Pathway, and the Bank is equally committed to minimising our environmental impact. We will monitor our resource consumption in branches, offices, and data centres to provide more robust emission reporting and identify critical areas where we can make a difference.

In 2024, our total GHG emissions are as follows:.



Scope 1: Direct Emissions Fuel Consumption by Vehicles Owned or Leased. Fuel consumption recorded as per the invoices paid to the supplier.

Scope 2: Indirect Emissions Electricity Consumption. Electricity consumption was recorded using billed invoices from the utility providers.

Scope 3: Other Indirect Emissions Air Travel.

We report GHG emissions in tonnes of carbon dioxide equivalent (tCO_2e). Our reporting approach on Greenhouse Gases for 2024 is based on the average GHG emissions per employee in 2022. We aim to change our reporting methodology to align with best practices.

In further support of our commitment to reduce the use of resources, we have implemented a range of initiatives in the following areas.

Initiative

Smart Printing Initiative

We are committed to reducing our environmental footprint by enhancing our digital capabilities and channels and developing more sustainable practices in our printing operations.

We have implemented managed printing services designed to optimise resource use and minimise waste. The smart printing initiative incorporates energy-efficient printers and imaging technology, energy star-rated devices and automated power-saving features, all with the aim of lowering our overall energy usage.

By promoting print-on-demand features and eliminating unnecessary copies, the Bank aims to reduce paper consumption and paper waste. Through managed printing services, we can now track and optimise print volumes to make more efficient use of paper and ink.

Total paper printed for office use in 2024

6,640 kg

The initiative also emphasises the use of sustainable materials in its printers and consumables, as well as the proper disposal and recycling of obsolete printers, used ink and toner cartridges. This reduces e-waste and ensures that end-of-life devices are disposed of responsibly.

We encourage our employees to be more aware of sustainable printing practices, by using printing resources efficiently, printing only when necessary, and recycling appropriately.

CLIMATE CHANGE
Continued

ENVIRONMENTAL FOOTPRINT
Continued

Initiative

Reducing our energy consumption through Building Management System

The use of a Building Management System (BMS) in our headquarters enables us to manage the building's operations centrally. These include heating, ventilation, air conditioning (HVAC), lighting, and energy consumption and, in reducing unnecessary consumption, it ensures that the Bank's facilities continue to operate efficiently.

Initiative

Electrical Vehicle (EV) Infrastructure

We have implemented EV charging stations in our two head offices to support our employees in their transition from fuel-powered vehicles to electric vehicles. Our EV charging infrastructure represents 14% of the allocated car parking at our head offices.

Initiative

Energy-efficient data centre

Our co-location data centre employs advanced energy-efficient technologies, contributing to lower energy consumption.

The facility's Power Usage Effectiveness (PUE) is regularly monitored to ensure optimal energy performance and focuses on minimising the energy required for cooling and other operations.

Water usage is optimised by water-efficient cooling systems, including closed-loop cooling and air-side economies.

ENVIRONMENTAL FOOTPRINT

Continued

Initiative

IT Asset Lifecyle Management

CBI is committed to sustainable IT asset disposal practices that prioritise environmental responsibility. These practices ensure that outdated or obsolete IT equipment is disposed of in a way that minimises the environmental impact, reduces waste, and supports the circular economy.

The Bank has adopted a policy for the environmentally-responsible disposal of IT assets, such as computers, servers, media tapes and networking equipment.

All obsolete or non-functional IT equipment is sent to certified e-waste recycling facilities, where it is recycled in compliance with environmental standards to prevent harmful substances from being released into the environment.

To comply with environmental standards and data destruction protocols, including local laws and international standards such as the Waste Electrical and Electronic Equipment (WEEE) Directive and RoHS (Restriction of Hazardous Substances), our IT assets are recycled or repurposed through certified third-party vendors.

Hard drives and other storage devices are physically destroyed or shredded if they are deemed beyond reuse, adhering to best practices for data security.

Where possible, the Bank refurbishes and reuses IT equipment to extend the useful life of assets and to reduce the need for new resources.

By focusing on recycling, repurposing, secure data destruction, and partnering with certified vendors, our disposal processes are aligned with the Bank's broader sustainability goals.

CLIMATE RISK MANAGEMENT

Climate-related Risks

Climate change poses significant risks to financial stability, which can manifest in two main ways:

- **Physical Risks:** Potential economic and financial losses from climate and weather-related events and the long-term progressive impact of climate change, which includes:
  - extreme weather events (floods, storms, hurricanes etc.) that could damage the Bank's physical assets, disrupt operations, or affect client activities and
  - long-term environmental changes (rises in sea-level, temperature changes etc.) that could impact the value of real estate, infrastructure, and other investments.
- **Transition Risks:** Financial risk relating to the process of adjustment towards a lower-carbon economy, which can be prompted by, for example, changes in climate policy, technological changes, or changes in market and social sentiments.

Both types of risks require proactive management to safeguard the Bank's financial performance, ensure compliance with regulatory requirements, and contribute to the global effort to mitigate climate change.

"As Chief Risk Officer, I affirm our unwavering commitment to addressing climate risks – both physical and transition – by embedding sustainability into our core strategy at CBI. We are actively advancing green infrastructure investments, optimising energy efficiency, and aligning with the UAE's climate ambitions to drive meaningful environmental impact. By integrating climate considerations into risk management and developing innovative green financial solutions, we empower our clients and communities to transition to a sustainable, resilient future while safeguarding our planet for generations to come."

Randa Kreidieh
Chief Risk Officer, Commercial Bank International

Climate Risk Strategy

In the pursuit of responsible banking and sustainable finance, CBI has established a Climate Risk Strategy that outlines our approach to identifying, managing, and mitigating climate-related risks and opportunities.

This strategy reflects our commitment to integrating climate considerations into our governance, risk management, lending, investment, and operational activities in accordance with CBUAE regulations.

Climate Risk Strategic objectives are to:

- Ensure climate related risks are minimised;
- Ensure climate risk stress testing and adequate reporting;
- Ensure adequate training in climate related financial risks;
- Achieve and maintain compliance towards regulatory mandates;
- Embed climate risks in Risk Management Framework.

We have also initiated the implementation of a climate risk solution designed to assess climate-related financial risks and conduct stress testing. This initiative underscores CBI's commitment to full alignment with the latest sustainability standards and compliance with CBUAE regulations, and to making an active contribution to a more sustainable and healthier global environment.

Climate Risk Stress Testing

Climate risk stress testing is a critical process for measuring and managing environmental and climate-related financial risks, and for reflecting the ongoing evolution of such risks and the long-term impact of past emissions on future climate pathways.

To address our own risk profile, the nature and complexity of our business and overall size, we are strengthening our internal capacity and ability to conduct stress tests and assess the potential impact of various plausible climate scenarios on our risk profile, business model, and strategies.

Stress testing will be conducted at least annually as part of the Internal Capital Adequacy Assessment Process (ICAAP) and integrated into that framework. The tests will address physical, transition, and liability risks as the primary drivers of environmental and climate-related financial risks and attempt to evaluate the impact of adverse climate scenarios on the Bank's key business indicators. These evaluations will inform the development of the appropriate strategic, risk management, and governance responses.

The scenarios will encompass a range of plausible, relevant, and severe climate pathways, covering short-, medium-, and long-term horizons. The results of the stress tests will also feed into the Bank's internal capital and liquidity planning processes, ensuring a full and comprehensive approach to climate-related risk management.

SOCIAL RESPONSIBILITY

We are a customer-centric bank focused on building and maintaining positive relationships with customers, employees, and the communities where CBI has a presence. Customer satisfaction is central to our ethos in the delivery of seamless, transparent, and accessible services that address many and diverse financial needs.

Innovation is key to this approach because it enables digital solutions that ultimately enhance the customer experience. Internally, we strive to foster an equitable workplace where all employees feel valued and supported in their development. Our Emiratisation policy highlights the part we play in contributing to national development goals.

CUSTOMER SATISFACTION

Driving Sustainable Value Creation

Customer satisfaction is a cornerstone of CBI's sustainability strategy and has a direct influence on our ESG goals. By prioritising customer satisfaction, CBI is aiming to build trust, and loyalty, and ensuring our long-term resilience in a competitive and dynamic financial landscape.

High levels of customer satisfaction support retention and promote responsible growth, reinforcing our commitment to the UAE's consumer protection framework and contributing to the UN's SDGs.

We track customer satisfaction using key metrics such as Net Promoter Scores (NPS) and mystery shopping results. These provide actionable insights into service quality and the customer experience. Mystery shopping, for example, measures real-world interactions, offering valuable perspectives on transparency, fairness, and efficiency in service delivery.

These initiatives reflect our determination to improve and, in applying ethical business practices, to ensure a positive and sustainable impact on the communities we serve.

Real-Time Customer Feedback

Incorporating customer feedback into our operations is integral to maintaining our ESG standards and improving the customer experience. Real-time feedback mechanisms, such as post-complaint surveys and branch-level insights, ensure that the customer voice is heard, acknowledged and acted upon promptly.

The use of real-time dashboards for feedback analysis means our teams can address pain points efficiently, and with transparency and accountability. Creating a fair and inclusive banking environment is a key principle of governance excellence in our ESG frameworks, such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB), and the executive-level support we receive highlights our efforts in this area.

We have implemented Automated Post-Complaint Surveys, which enable us to collect feedback post-resolution to measure levels of customer satisfaction with the Bank's handling of complaints. We have also developed dashboards for Real-Time Feedback Analysis to monitor trends and provide actionable insights for branch managers and customer service teams.

Upholding Consumer Protection

CBI is dedicated to safeguarding customer rights by adhering to CBUAE's Consumer Protection Framework. We ensure transparency, fairness, and accountability in every interaction, and these are backed by comprehensive policies and rigorous audits. Employee training in ethical banking practices ensures compliance with international standards, strengthens consumer trust and promotes financial literacy.

By embedding these principles, CBI is mitigating reputational risk and also reinforcing our leadership in responsible banking.

SOCIAL RESPONSIBILITY
Continued

FINANCIAL INCLUSION & ACCESSIBILITY

Advancing Financial Inclusion

We believe that financial inclusion is fundamental to building a more equitable and sustainable world and recognise our responsibility in equipping individuals and businesses with the financial tools they need to thrive. Financial inclusion is about more than providing banking services; it is about empowering people to achieve financial independence and resilience.

Together with our partners, we are attempting to build a more inclusive financial ecosystem.

CBI has Partnered with Emirates Development Bank (EDB) to Improve Financial Inclusion for Growing Companies

Supporting the growth and success of businesses is essential for the prosperity of the UAE's economy.

The partnership between CBI and EDB introduces a unique financing scheme where EDB guarantees up to 50% of the loan amount provided by CBI to eligible companies. This arrangement significantly reduces the risk for both parties, allowing CBI to extend financing to a wider range of UAE companies, particularly those in priority sectors identified by EDB. By collaborating with EDB, we can support businesses to access the capital they need to grow and contribute to the national economy.

By reducing the risk associated with lending to growing enterprises, we can support a broader spectrum of businesses that are critical to the UAE's long-term economic diversification. This collaboration enables CBI to empower such companies, which form the backbone of the UAE economy.

Bridging Financial Gaps with Earned Wage Access

CBI has partnered with Abhi to facilitate their Earned Wage Access facility through CBI

CBI's partnership with Abhi, a fintech company, is widening financial inclusion for employees and Middle East SMEs, by providing access to Abhi's Earned Wage Access facility.

By giving employees the opportunity to withdraw their earned salary on any day they choose, our partnership with Abhi addresses employees' immediate financial needs without having to resort to high-cost lending options.

It also marks a significant step towards supporting underserved communities such as SMEs and employees by facilitating greater financial stability and meeting our goals to create equality and financial wellbeing.

We have also conducted a pilot programme for CBI employees, enabling internal earned wage access, a further example of our wish to lead by example.

> **"Our partnership with Emirates Development Bank (EDB) marks a significant milestone in our commitment to fostering economic development and industrial advancement in the UAE. This collaboration will enhance financial inclusion by promoting entrepreneurship and economic opportunity. By combining our expertise and resources, we aim to bridge the gap for entrepreneurs who face challenges in accessing capital. With tailored financial products, an innovative financing scheme, and access to vital networks, we not only address businesses' capital needs but also support their overall growth and development. I am excited about the opportunities this collaboration will create and look forward to seeing the positive impact it will have on our economy."**

Kumar Mahapatra
Executive Vice President Wholesale Banking, Commercial Bank International

ACCESSIBILITY

Another key CBI priority is to make our branches more inclusive.

In line with international accessibility standards, our branches are fully accessible for People of Determination (POD).

We have introduced the following equipment in our branches:

- Ramps
- Low Height Tellers
- Tactile Floors
- Dedicated Parking Spaces

We have also upgraded all our ATMs, which now include text-to-speech options, audio instructions and braille keypads, in close alignment with the UAE's National Policy for Empowering People of Determination and global standards such as the Web Content Accessibility Guidelines (WCAG).

The CBI website now features text-to-speech options, screen-reader compatibility, and keyboard navigation features to allow all customers to access and engage with CBI's online services more easily.

Our employees regularly participate in eLearning modules specifically designed to equip them with the knowledge and skills needed to support and serve all customers, including People of Determination, in a respectful and inclusive manner.

SOCIAL RESPONSIBILITY

Continued

INNOVATION

Driving Innovation through Strategic Partnerships

As our customers come to terms with an increasingly digital and changing world, innovation is assuming ever greater importance.

In recognition of this shift, we are deploying advanced technologies such as AI to boost our operational efficiency, improve the customer experience, and expand access to our services.

78%

customers registered for digital banking

Demonstrated through our strategic partnerships, we are fully committed to embracing innovation to facilitate new, cutting-edge solutions that will make banking more secure and give consumers greater control over their financial destiny.

Redefining Credit Scoring with AI-driven Innovations

Zypl: Unlocking Financial Opportunities with Synthetic Data

Our collaboration with Zypl, an AI-powered platform revolutionising credit scoring, reinforces our willingness to harness innovation to better serve our customers. By using synthetic data to enhance credit scoring models, for example, Zypl is promoting responsible lending practices, enabling wider access to financial services and maintaining operational efficiency.

Following a successful proof of concept in 2023, CBI undertook a commercial pilot of zypl.score, with an expanded scope of retail decisioning model that included risk rating and Large Language Module (LLM) - driven decision interpretation capabilities. CBI has since progressed to a full deployment of zypl.score in its retail lending through a software licensing agreement with zypl.ai.

Tekle: Transforming Experiences Through Holographic Technologies

CBI's investment in Tekle, a leader in advanced holographic technologies, represents a bold step into the future of immersive and interactive banking experiences.

By adopting Tekle's state-of-the-art 16K resolution holograms, CBI will offer cutting-edge solutions that redefine customer engagement while supporting diverse industries with the adoption of technology. The initiative also fosters inclusivity through accessible, immersive interfaces that cater to diverse user needs.

Bringing Innovation to Life: Dubai Mall Branch Experience

Building on our GITEX 2023 showcase, CBI has introduced groundbreaking technologies, including anamorphic displays and AI-powered virtual avatars, at our Dubai Mall branch. These innovations offer customers real-world access to immersive banking experiences and emphasise accessibility, efficiency, and user engagement.

The initiative is bridging the gap between futuristic concepts and practical applications, demonstrating CBI's dedication to operational excellence and customer-centricity. Embedding these technologies into everyday banking will also prove that innovation can serve as a tool for inclusivity and environmental sustainability.

DIVERSITY & INCLUSION

Gender Diversity

CBI values gender diversity and inclusivity, particularly at senior levels and, as part of our ongoing effort to promote gender equality, we have made significant strides in ensuring that women are represented in our leadership team.

Currently, women hold 30% of senior leadership positions, including those reporting directly to the CEO and the level reporting to them. This degree of representation is a testament to our desire to create opportunities for women to assume roles where they can influence and drive CBI's strategic direction.

Our commitment to diversity extends beyond gender to include a broad cross-section of nationalities that reflect the multi-cultural nature of our workforce. Among our senior leadership, including those reporting directly to the CEO and the level reporting to them, we are proud to have leaders of 20 different nationalities. This diversity brings a wealth of perspectives and experience, enriches our decision-making processes and creates a more inclusive organisational culture.

Such a diverse leadership team also ensures that our strategies and operations resonate with the diverse communities we serve.

CBI prides itself on the diversity of cultures and nationalities represented in our workforce, which comprises individuals from 36 different nationalities, making the Bank a truly global organisation. Our multi-cultural environment makes us more creative and innovative and helps us better understand and meet the needs of our equally diverse customer base.

Celebrations and Cultural Observances

We believe that celebrating cultural diversity is essential to engendering a sense of belonging and unity among our employees. We mark several cultural and national events throughout the year, including:

- UAE National Day
- Emirati Women's Day
- UAE Flag Day

These celebrations recognise and respect the diverse cultural backgrounds of our employees and provide an opportunity for everyone to come together, share their traditions and build stronger connections within our community.

Inclusion of People of Determination

Inclusivity is at the heart of our values. We are proud to employ two people of determination, ensuring that our workplace is not only diverse but also inclusive and accessible.

Our offices are equipped with the necessary facilities to accommodate individuals with special needs and offer an environment where everyone can thrive and contribute to our collective success. We firmly believe that inclusivity and diversity, in all its forms, drives innovation and enriches our organisational culture.

SOCIAL RESPONSIBILITY
Continued

EMIRATISATION

Our Emiratisation strategy is a cornerstone of the Bank's commitment to nurture national talent and contribute meaningfully to the UAE's Vision and Emiratisation agenda. We empower Emirati professionals by providing them with the skills, opportunities, and support necessary to excel in their careers and so drive the country's ongoing economic development.

Our strategy focuses on four key areas: leadership training, certifications, hiring new UAE national graduates and recognising outstanding achievements. From 25% Emiratisation in 2023, we grew our representation of UAE nationals to 32% in 2024, with the goal of achieving 45% by 2026.

Leadership Training for UAE Nationals

We recognise the importance of developing strong leadership, particularly among UAE nationals. To this end, we have partnered with world-renowned institutions such as Oxford University and IESE Business School to offer specialised leadership training programmes, which are designed to equip Emirati professionals with advanced management skills, strategic thinking capabilities, and global business insights.

By investing in their development, we can ensure that our Emirati leaders are well-prepared to steer the Bank towards continued growth and success.

3,795

hours of training for UAE nationals in 2024.

Certification

Supporting professional certification is critical for the development of specialist skills and knowledge. CBI provides comprehensive support to Emirati employees pursuing industry-recognised certifications including, for example, full financial support for certifications such as ACAMS, CFE and CIPD.

It is an investment that develops the professional credentials of our Emirati employees and strengthens our organisational capabilities in areas such as compliance and risk management.

Hiring UAE National Graduates

To nurture young Emirati talent in a structured and measurable way, we joined the Ethraa programme to hire new UAE national graduates every year. Since its inception in 2022, we have successfully enrolled 29 UAE nationals under this valuable initiative to give fresh graduates entry-level opportunities and a structured career development path in banking.

Our graduates have been introduced to the Bank's different divisions, including Wholesale Banking Group (WBG), Retail Banking Group (RBG), Human Resources (HR), Finance, Compliance, Procurement, Risk, Information Security and Credit, among others. By investing in our future workforce in this way, CBI is both contributing to national Emiratisation targets and building a pipeline of skilled and motivated Emirati professionals ready to tackle the challenges of the future.

Recognising Emirati Talent

We take immense pride in celebrating the achievements of our Emirati employees. In 2024, one of our UAE nationals earned a prestigious first place Nafis Award for Emirati individuals in the banking sector, a recognition which showcases the exceptional talent in the Bank and highlights the success of our Emiratisation initiatives.

We remain committed to nurturing Emirati talent and to giving them the recognition and opportunities they deserve.

EMPLOYEE HEALTH & WELLBEING

CBI recognises that the health and well-being of our employees is crucial to their happiness and productivity. To this end, we support our employees in leading healthy and balanced lives with a range of initiatives and resources designed to promote physical, mental, and emotional well-being.

Health & Safety

Our health and safety team ensures a safe and healthy working environment for employees, contractors and visitors, while ensuring compliance with relevant health and safety laws and regulations. In accordance with local regulations, CBI complies with the occupational health and safety management standards, Civil Defence guidelines, and applicable international guidelines.

Each head office and branch has an emergency response team with dedicated health and safety wardens. Our Health & Safety and Facilities Management teams conduct regular mock drills in coordination with the Business Continuity Team to evaluate the effectiveness of emergency response procedures.

Our Health, Safety and Environmental Policy, which applies to employees, customers, stakeholders, contractors and visitors, encapsulates our commitments in these key areas.

Work-life Balance

We understand the importance of maintaining a healthy work-life balance so, in line with UAE Government initiatives, we support a 4.5-day working week and offer flexible working options. This means that employees can work from home on Friday mornings and have Friday afternoons off. This initiative helps our employees manage their personal commitments, reduces stress, and ultimately boosts job satisfaction and productivity.

SOCIAL RESPONSIBILITY
Continued

EMPLOYEE HEALTH & WELLBEING
Continued

Health
Throughout the year, we offered a series of online health webinars to provide our employees with accessible and valuable health information, with the objective of educating and empowering them to take charge of their health and well-being.

The topics covered included:

Anxiety and Depression
This webinar provided insights into recognising the signs and symptoms of anxiety and depression, along with practical strategies for managing mental health.

Men's Health
Focusing on the common health issues affecting men, this webinar encouraged proactive health management and early detection of potential problems.

Diabetes and Management
This session covered the basics of diabetes, its management and how to maintain a healthy lifestyle to prevent or control the condition.

Cancer Awareness Webinar
Aimed at raising awareness about the various types of cancer, this webinar emphasised the importance of early detection, prevention and support resources.

Ergonomics for an Easy Lifestyle
This webinar provided tips on how to set up an ergonomic workspace, proper posture, and exercises to prevent musculoskeletal problems.

Eating Right During Ramadan
Focusing on maintaining a balanced diet during Ramadan, this webinar offered nutritional advice and healthy eating habits to ensure well-being during fasting.

To maintain the physical health of our employees, we organised comprehensive general health check-ups, with visits from on-site doctors, dentists and ophthalmologists, to give employees the convenience of receiving medical consultations and screenings at work.

Sporting Activities and Tournaments
We believe in the power of sports to promote physical fitness, teamwork and camaraderie among our employees. To support these values, CBI organised various sporting activities and tournaments, including:

- **Football:** we organised football tournaments to encourage employees to participate in friendly competition, improve their physical fitness, and build stronger relationships with colleagues.
- **Cricket:** a popular sport with employees, our cricket tournaments provided a platform for employees to showcase their skills, enjoy the game and build a sense of community.

SOCIAL RESPONSIBILITY
Continued

EMPLOYEE ENGAGEMENT & SATISFACTION

Happy, satisfied and fulfilled employees are key to our success, so CBI is dedicated to providing a positive and engaging work environment that embraces teamwork, celebrates achievements and promotes overall well-being.

Our employee engagement initiatives are designed to enhance the work experience and strengthen the bond between CBI and our employees:

Employee Iftar

We host an annual Iftar to celebrate the holy month of Ramadan and foster a sense of community among our employees. The event provides a wonderful opportunity for employees to come together, share a meal, and enjoy each other's company in a relaxed and elegant setting.

CBI Townhall

We hold an annual CBI Townhall as part of our commitment to transparency and open communication. The event is the ideal platform for our leadership team to share updates, discuss the Bank's strategic direction, and address employees' questions or concerns.

TALENT ATTRACTION & DEVELOPMENT

We understand that our employees are the cornerstone of our success. Our commitment to attracting, developing, and retaining top talent is fundamental to maintaining a dynamic, innovative, and high-performing workforce.

We provide a wide range of learning and development opportunities, career growth programmes, and support systems designed to empower employees at all stages of their career journey. By fostering a culture of growth and development, we are attempting to create an environment where employees feel supported, valued, and motivated to contribute their best.

Careers Fairs

To connect with emerging talent, we actively participate in career fairs throughout the year. Career fairs provide us with an opportunity to showcase CBI as an employer of choice and engage with potential candidates who align with our values and business needs. These events are an important avenue for attracting diverse talent from universities and professional networks. In 2024, we participated in multiple career fairs including:

- Ru'ya Career Fair
- EIF Sharjah Career Fair
- HCT Sharjah Campuses Career Fair

By attending these events, we strengthen our brand presence in the talent market and build key relationships with high-calibre professionals who can contribute to our long-term success.

LinkedIn Learning Access for All Employees

In today's fast-paced business environment, continuous learning is crucial for professional success. To help our employees stay ahead of industry trends and build new skills, we offer LinkedIn Learning access to all employees.

This platform provides a vast library of online courses covering diverse topics, including leadership, business strategy, technical skills, soft skills, and industry-specific knowledge. Employees can engage with courses at their own pace, enabling them to develop at a speed that fits their individual career aspirations. Whether employees are looking to enhance their existing expertise, or explore new areas of interest, LinkedIn Learning gives them the means to own their professional development.

1,576

hours of training through LinkedIn Learning in 2024

SOCIAL RESPONSIBILITY
Continued

TALENT ATTRACTION & DEVELOPMENT
Continued

Access to Emirates Institute of Finance Courses

To further our employees' technical expertise, we offer unlimited access to the Emirates Institute of Finance (EIF) courses. The EIF is renowned for offering high-quality programmes tailored to the financial services sector, and its courses cover essential topics such as financial management, banking operations, risk management, and Islamic finance. This access allows employees to stay current with the latest financial trends and regulatory changes, ensuring that they remain well-equipped to tackle the challenges of the ever-evolving banking landscape.

Certification Sponsorship

We recognise that professional certifications play a significant role in advancing employees' careers and enhancing their capabilities. As part of our commitment to career development, we offer sponsorships for various certifications that are aligned with individual roles and ambitions. These certifications include:

- ACAMS (Association of Certified Anti-Money Laundering Specialists): a globally recognised certification for professionals working in anti-money laundering (AML) and financial crime prevention which helps employees gain expertise in compliance and risk management.
- CIPD (Chartered Institute of Personnel and Development): this certification provides HR employees with the specialist knowledge to manage and develop the workforce effectively.
- CFE (Certified Fraud Examiner): this certification is designed for those in roles involving fraud detection and prevention and equips employees with the tools to identify and combat financial crimes in the organisation.

By offering financial support for these certifications, we are assisting employees in becoming more qualified, improving their professional standing and contributing to CBI's success.

Leadership Development Programmes

Developing the next generation of leaders is another major priority. Our leadership development programmes are designed to identify high-potential employees and equip them with the skills and knowledge necessary to take on leadership roles.

The programmes include:

- Strategic Leadership Training: employees are trained to understand the broader business environment, develop effective leadership strategies, and drive organisational change.
- Mentoring and Coaching: high-potential employees are paired with senior leaders for one-on-one mentorship to accelerate their personal and professional growth.
- Cross-functional Exposure: participants gain experience across various departments, learning to manage teams, projects, and initiatives that impact the Bank.

The programmes support employees' personal development and ensures a strong leadership pipeline, which is essential for the Bank's long-term growth and success.

UAE National Development Programmes

As part of our commitment to Emiratisation and the development of UAE nationals, we partner with world renowned institutions such as IESE Business School and Oxford University to offer specialist development programmes, which are designed to nurture the next generation of Emirati leaders by providing advanced leadership and strategic management training. The programmes focus on developing skills in areas such as:

- Global Business Strategy: UAE nationals gain insight into global business practices and learn how to navigate cross-cultural challenges.
- Leadership Excellence: the programmes teach advanced leadership skills, with an emphasis on effective decision-making, innovation, and organisational management.

- Networking and Collaboration: participants can network with professionals from diverse industries, building valuable connections for future collaboration.

These high-impact development programmes are helping build our UAE nationals' leadership capacity and, in enabling them to take on senior roles in the Bank, contribute to the UAE's economic development.

University Partnerships

We believe in building strong relationships with educational institutions, which include Zayed University and Higher Colleges of Technology, to cultivate a pipeline of talent ready to enter the workforce. Through our university partnerships, we collaborate with leading universities to offer internship programmes, career guidance, and development opportunities for students, who acquire valuable real-world experience while also helping us identify top talent for future employment.

Our university partners are vital to ensuring that students receive hands-on learning experiences and are suitably-prepared for careers in banking and finance.

Executive Compensation

Our executive compensation structure is designed with a focus on transparency, governance and alignment with market practices. It is approved by the Board Nomination and Remuneration Committee (BNRC) and is benchmarked against market data to ensure competitiveness and fairness.

Incentives are structured to promote a culture of performance by linking executive rewards to clear financial and strategic objectives. This ensures that compensation drives long-term sustainable growth and aligns leadership behaviour with the company's values and stakeholder interests. Through robust governance and performance-driven incentives, CBI remains committed to a culture of accountability and delivering value to all stakeholders.

RESPONSIBLE BUSINESS

We recognise that strong corporate governance is fundamental to our long-term success. Corporate governance forms the cornerstone of CBI's commitment to ethical leadership, operational resilience and long-term value creation. By upholding the highest standards of accountability, transparency, and ethical conduct, CBI ensures compliance with regulatory requirements and alignment with recognised best practices.

CORPORATE GOVERNANCE

Our governance framework is designed to build trust among stakeholders, promote effective oversight and boost the Bank's operational and financial performance.

CBI's corporate governance practices are fully aligned with UAE regulations, including the CBUAE Corporate Governance related Regulations and Standards and the SCA guidelines. These frameworks guide the Bank's efforts to maintain financial stability, safeguard stakeholder interests and achieve sustainable growth.

For a more detailed overview of CBI's corporate governance framework, processes, and policies, please refer to the Corporate Governance Report on pages 34 to 75.

Board Nomination and Appointment

In compliance with CBI's Articles of Association, nine Board directors are elected or nominated for a term of three years, renewable for the same period as per the Board-approved Nomination Policy. The Board is vested with the authority to oversee the Bank's operations, ensuring they align with its stakeholders' best interests and comply with regulatory requirements. The Board establishes the Bank's objectives, strategies, and policies, oversees business performance, and offers direction and oversight to the Bank's senior management.

Directors are required to possess the necessary expertise and skills that qualify them to perform their duties in CBI's best interests. They are also committed to dedicating the requisite time and attention to fulfilling their responsibilities throughout their tenure. This structured and transparent nomination process ensures that the Board maintains the capabilities required to provide effective oversight and governance.

Board Composition and Independence

CBI's Board of Directors comprises nine directors, including five independent directors, representing 56% of the Board. This composition ensures balanced and objective decision-making as per regulatory requirements. Four non-independent directors represent Qatar National Bank (QNB), CBI's major shareholder, and contribute to the alignment of the Bank's strategic objectives with shareholder priorities.

CBI's Board embodies diversity across expertise, age and gender. Two female directors constitute 22% of the Board, reflecting the Bank's commitment to gender inclusivity. The Board also features a balanced age distribution, with 56% of directors aged between 30 and 50 years and 44% aged over 50 years, providing a blend of fresh perspectives and seasoned experience to ensure comprehensive and well-rounded governance.

The directors bring a wealth of experience from various industries, including finance, accounting, banking, risk management, strategic planning, credit and technology, which strengthens the Board's capacity to address complex challenges, capitalise on strategic opportunities and navigate the dynamic landscape of the financial services sector.

Board Committees

CBI's governance framework is supported by specialist committees with clear mandates to ensure effective oversight. These include the Board Audit Committee, Board Risk Committee, Board Credit Committee, Board Nomination and Remuneration Committee, and Board Executive Committee. Each committee plays a critical role in supporting the Board's oversight of key functions, including financial reporting, risk management, credit decisions, nominations, ESG and strategic planning.

The committees are evaluated annually to ensure they are effectively discharging their responsibilities and contributing to the Bank's governance framework. Their performance is assessed against their respective Terms of Reference, with outcomes guiding continuous improvements in committee operations.

Management Committees

CBI's Executive Management has established a robust governance framework through 11 specialist management committees. These committees are designed to oversee key operational areas and ensure focused governance, transparency and accountability in decision-making.

The management committees include the Executive Management Committee, Assets and Liabilities Committee, Management Risk Committee, Central Procurement Committee, Internal Credit Committee, Products and Conduct Committee, Asset Quality Committee, Compliance Committee, Special Investments Committee, Outsourcing Committee and Model Risk Committee.

Each committee plays a vital role in maximising operational efficiency, effective governance and ensuring alignment with regulatory requirements and best practices.

Board Remuneration

CBI's Board remuneration strategy is designed to reflect the responsibilities and time commitment of non-executive directors while adhering to industry standards. The remuneration structure ensures an appropriate balance, providing fair compensation without incentivising behaviour that could compromise the Bank's long-term sustainability and success.

The Board Nomination and Remuneration Committee (BNRC) proposes a lump sum remuneration for directors, which is subject to Board approval and shareholder endorsement. Any changes to Board remuneration are carefully reviewed by the BNRC before being presented for the necessary approvals.

Board Development

CBI prioritises the ongoing development of its directors, providing them with access to external expertise and resources, and collaborates with leading institutions to ensure directors regularly hone their skills and stay updated on best practices.

In 2024, the Bank implemented targeted training programmes on critical topics, such as ESG integration and Anti-Money Laundering (AML) practices, which were designed to enhance the Board's understanding of emerging challenges, regulatory priorities, and best practice in governance.

Board Evaluation

Each year, CBI conducts a comprehensive review of the Board's performance to assess its collective effectiveness, the individual contributions of its directors, and the performance of Board committees. The process evaluates the level of cohesion and identifies opportunities for improvement, ensuring the Board remains aligned with the Bank's strategic objectives.

In 2023, CBI engaged an independent external consultant to conduct a detailed evaluation of the Board and Executive Management. This review, carried out in accordance with the CBUAE's and SCA's corporate governance regulations, assessed the Board's governance effectiveness and decision-making processes.

The findings were documented in a report which included actionable recommendations, which was shared with the BNRC, together with the action plan.

In 2024, the Board's effectiveness was subject to an internal evaluation. The results highlighted a strong overall performance and demonstrated the Board's ability to operate cohesively and deliver on its responsibilities.

RESPONSIBLE BUSINESS
Continued

BUSINESS ETHICS AND COMPLIANCE

Business Ethics and Code of Conduct

CBI is committed to upholding the highest standards of integrity in all its activities. The Business Ethics and Code of Conduct underscores the Bank's unwavering dedication to conducting its operations ethically and responsibly. Recognising how critically important it is to maintain these standards, CBI takes proactive measures to address unethical behaviour that could compromise its integrity and reputation in the financial sector.

CBI's Code of Conduct applies to all employees and sets out the standards for the ethical and professional behaviour which is expected in their interactions with internal and external stakeholders.

CBI has established a robust framework for identifying and reporting unethical conduct through designated committees. This process ensures a thorough understanding, timely detection and appropriate reporting of potential violations. Code violations may result in disciplinary action, up to and including termination of employment.

We have implemented a Conflict-of-Interest Policy for the Board to ensure the appropriate management of actual, potential, and perceived conflicts, a policy which ensures that all decisions are made in the best interests of the Bank, its shareholders and stakeholders.

Directors are required to avoid any activities that could create conflicts of interest and must promptly disclose any potential conflicts to the Board and Company Secretary. Upon appointment, and annually thereafter, directors must disclose their interests and relationships.

Any transactions in which a director or related party has a potential interest are thoroughly reviewed and approved at Board level. Directors with an interest in a transaction are prohibited from participating in discussions or voting on the matter. This rigorous approach ensures that the integrity and transparency of the Board's decision-making process is upheld.

By generating awareness and stressing the need for full accountability, the Bank is managing any non-compliant behaviour effectively, and in accordance with the relevant HR policies, to safeguard its ethical standards and organisational integrity.

Compliance Oversight

CBI meets a wide range of obligations in ensuring ongoing compliance with applicable regulations, internal policies and regulators' expectations. To achieve this, the Compliance function monitors customer behaviour and transactions using automated systems and manual assurance exercises conducted on a sample basis.

A dedicated team reviews daily compliance activities to ensure alignment with the Bank's policies. Key findings are periodically reported to the appropriate committee, such as the Compliance Committee and the Board Risk Committee, to facilitate informed decision-making.

The combination of automated monitoring, manual oversight, and structured reporting has enhanced CBI's overall compliance framework. The Bank considers its current monitoring and oversight mechanisms to be robust and effective but recognises the need for ongoing refinement in line with the UAE's evolving regulatory requirements.

Notably, the latest red flag scenarios have been tested and optimised following an independent third-party review. Additionally, and in response to regulatory directives, CBI expanded the scope of its assurance activities during 2024 to address a broader range of compliance obligations, a further reinforcement of our commitment to regulatory adherence and operational integrity.

Risk Management

CBI has implemented a comprehensive operational risk framework (ORM), in accordance with the CBUAE regulations and Basel Principles, to ensure that we can proactively identify, assess and respond to risks based on defined Board-approved risk appetite criteria.

The ORM function aims to provide all risk owners with the necessary tools to manage their operational risk and achieve CBI objectives, protect and maximise assets. These tools include Risk & Control Self-Assessment (RCSA), Key Risk Indicators (KRIs), Loss Data Management (LDM), control testing (CT), and Issues & Actions Management (I&A).

The framework provides for, and is governed by, defined roles and responsibilities assigned to risk owners, senior management, management committees, Board committees and the Board.

Combating Financial Crime

Financial crime, corruption, and bribery are persistent global threats with wide-reaching consequences for wider society, economies and businesses. As a responsible financial institution, CBI is committed to mitigating these risks by embedding transparency, integrity, and compliance throughout its operations.

Addressing these challenges effectively is vital not only to safeguard our customers' interests, but also to support the stability of the financial system and trust in it.

Financial Crime Risk Management Framework

CBI's comprehensive framework integrates advanced tools, processes, and policies to address financial crime risks effectively. This includes:

Policy Adherence	Customer Due Diligence	Sanctions and Screening	Transaction Monitoring
Robust AML and Combating the Financing of Terrorism (CFT) policies that align with local and international standards.	Enhanced Know Your Customer (KYC) processes and periodic reviews to ensure proactive risk identification and management.	Trusted sanction screening tools capable of identifying Specially Designated Nationals (SDNs), politically exposed persons (PEPs) and other high-risk profiles.	A dedicated tool/ models that prioritise and detect complex financial crime typologies using different scenarios.

Governance and Accountability

CBI's Financial Crime Compliance (FCC) team, led by the Money Laundering Reporting Officer (MLRO) and the Head of Compliance, oversees the implementation of these initiatives. The team conducts regular audits and assessments to ensure that compliance measures remain effective and responsive to emerging threats.

To consolidate the Bank's culture of accountability and commitment to ethical behaviour, all employees are required to confirm their adherence to the Bank's Code of Conduct each year, The Bank also mandates training programmes on AML/CFT, sanctions compliance, and anti-bribery measures to ensure awareness of these issues at every level of the organisation.

RESPONSIBLE BUSINESS
Continued

BUSINESS ETHICS AND COMPLIANCE
Continued

Whistleblowing

CBI and its subsidiaries are dedicated to conducting business to the highest standards of honesty and integrity and recognise our collective responsibility to shareholders, employees, customers, and regulators to safeguard revenue, assets, information, reputation, and other resources from fraud and related risks.

In upholding the highest ethical standards as fundamental to earning and maintaining the trust of our employees, customers, investors and other stakeholders, we encourage individuals who are aware of any potential misconduct, fraud, unethical behaviour, or breaches of laws and regulations to report their concerns through our confidential whistleblowing channels.

We will protect whistleblowers who report concerns in good faith from any form of retaliation, disciplinary action, harassment, or victimisation as a result of raising their concerns.

On receiving a whistleblowing report, CBI promptly initiates a comprehensive investigation to evaluate the concern raised. The investigation is carried out to the highest standards of fairness, objectivity and confidentiality to ensure that all parties are treated with respect throughout the process.

We then ensure that the investigation process remains transparent, unbiased, and free from retaliation, providing a safe environment for individuals to report concerns without fear of reprisal.

CBI regularly assesses and enhances its whistleblowing procedures to ensure their ongoing effectiveness and alignment with current best practices. Input from whistleblowers and stakeholders plays a vital role in helping us refine our approach and reinforce our dedication to maintaining sustainable and responsible banking practices.

We have established multiple secure and accessible channels through which whistleblowers can raise concerns, including a dedicated hotline, a secure email address, and an online reporting portal. These channels are available to all employees, customers, suppliers and external stakeholders. Reports can be made anonymously if desired and the confidentiality of all whistleblowers is guaranteed.

Our confidential reporting hotline is available via the toll-free number: 8005037283

You can reach us via email at ethics@cbiconcerns.ae

You can visit our website at https://cbiconcerns.ae/ for more information

Whistleblowers can report any activity they believe is improper or unethical, including but not limited to:

- Fraud, corruption or bribery
- Discrimination or harassment
- Health and safety violations
- Environmental violations
- Violation of company policies or procedures
- Any other activity that goes against the law, ethical standards or company values

Anti-corruption

We are dedicated to upholding the highest ethical standards in our business practices and ensuring full compliance with all applicable anti-bribery and corruption laws and regulations.

CBI have adequate policies and SOPs in place that manage the assessment, risk mitigation, governance, and escalation of politically exposed persons (domestic and international). Further, and as part of our Conflict-of-Interest Policy, CBI has procedures around the offering of gifts and entertainment.

Employees must ensure that any hospitality, gifts, or business courtesies offered or received comply fully with all applicable laws, regulations and CBI's internal policies. In our determination to abide by the law, we have adopted a zero tolerance policy on facilitating corruption or payments.

RESPONSIBLE BUSINESS
Continued

RESPONSIBLE PROCUREMENT

Embedding responsible procurement practices into our operations is critical to ensuring that our purchasing decisions contribute to a more sustainable and inclusive future.

Our ambition is to build a procurement framework that not only achieves operational efficiency, but also prioritises fairness, transparency and governance. By prioritising suppliers who adhere to ethical, social and environmental standards, we can support fair labour practices, reduce carbon emissions and promote the adoption of sustainable materials and processes.

Digital and Paperless Procurement

We believe that innovation and technology are also critical to driving sustainable growth. To that end, we have adopted a fully digital, paperless procurement platform that has upgraded the way we manage our competitive bidding process. This was achieved with the implementation of a new Enterprise Resource Planning (ERP) system across the enterprise.

Vendors can submit proposals seamlessly and securely via the platform, allowing for a streamlined and traceable procurement process. The platform eliminates the need for physical paperwork, reduces our environmental footprint, enhances the efficiency and transparency of the procurement process and strengthens the governance framework by recording a full audit trail.

In leveraging the power of technology, CBI is trying to uphold the highest standards of governance and simultaneously adopting ethical practices that support our organisational values. We believe this approach is an important milestone in our sustainability journey, because it minimises paper waste and improves the competitive bidding experience for our internal teams and vendors.

Governance and Fairness in Vendor Selection

The CBI Procurement Team is committed to the principles of fairness, equality, and strong governance in all procurement activities. We believe that every vendor deserves an equal opportunity to compete in our procurement processes. Our digital platform ensures that all vendors are evaluated fairly, based on predefined evaluation criteria that prioritise quality, value and alignment with our CBI philosophy: *we believe in transparency and in doing the right thing.*

This approach ensures that our procurement decisions are fully transparent, further building trust and integrity in our teams. In the past year, 22% of contracts were awarded to new vendors, further evidence that the new digital platform has created a level playing field to give every vendor/supplier an equal opportunity to do business with CBI.

We also conduct thorough onboarding checks for all vendors, including screening for potential conflicts of interest, compliance with applicable sanctions and alignment with our ethical standards. We prioritise working only with partners who meet these criteria, ensuring responsible ethical and procurement practice.

Empowering Local Partners

We acknowledge the importance of supporting the communities in which we operate, so we are proud to report that our procurement team actively engages with local vendors and a significant percentage of our partners are local businesses.

The Ministry of Finance has prioritised the promotion of local economic growth, so CBI's local procurement policy is supporting the economic growth of our communities, creating opportunities for local businesses and reducing the environmental impact of transportation and logistics.

84%
of procurement spend with local suppliers in 2024

While integrating economic, social, and environmental priorities in our procurement practices is the ultimate goal, our vision for the future extends beyond process improvements. We will continue to prioritise local procurement, expand opportunities for local businesses and strengthen our role as a responsible UAE corporate citizen.

The CBI procurement team will pursue the globally recognised Chartered Institute of Procurement & Supply's (CIPS) Ethical Procurement Certification to gain knowledge, tools, and processes to make informed decisions that prioritise sustainability and ethical practices and help us uphold the highest standards of integrity, transparency and professionalism in procurement.

RESPONSIBLE BUSINESS
Continued

PRIVACY AND CYBERSECURITY

Data Privacy and Cybersecurity

CBI employs a rigorous approach to data security and protection standards, ensuring compliance with all applicable data protection laws and regulations. As the number and complexity of new digital enhancements increases, it is imperative that the Bank delivers these services without compromising security.

Our information policies and procedures are meticulously aligned with regulations such as the National Electronic Security Authority (NESA) and leading standards like the Payment Card Industry Data Security Standard (PCI DSS). We have consistently attained PCI DSS certification over the past three years. Furthermore, we have progressively enhanced our NESA compliance, achieving a 97% compliance rate in 2024.

Our teams are pivotal assets in our defence against cyberattacks, so we conduct regular cyber risk awareness campaigns. We have instituted an extensive awareness and training programme, which includes an annual plan designed to elevate the cybersecurity and data protection knowledge of both customers and employees.

We routinely evaluate our IT infrastructure's security using comprehensive assessments which feature vulnerability assessments, penetration testing, red teaming, and a tabletop exercise, under an independent assessor mandated by CBUAE. These evaluations ensure that the highest standards of data protection and security are maintained.

Identity & Access Management Practices at CBI

CBI recognises that aligning our security and compliance efforts with broader sustainability, ethical and governance goals is of critical importance.

By integrating ESG principles into our Identity & Access Management (IAM) processes, we have grown trust in CBI, reduced our environmental footprint, ensured compliance with regulations and fostered a more inclusive and transparent working environment.

Paperless Processes

CBI has actively promoted the use of email and shared OneDrive for the distribution and approval of user access reviews, admin audit trails and Segregation of Duties (SoD) violation alert reports. This initiative has eliminated the use of paper in IAM-related activities.

Diversity and Equal Access

CBI ensures that access rights within applications are assigned solely on the basis of role and necessity, and are free from gender or race bias, or other factors unrelated to job function, to ensure fair and inclusive access policies.

Role-Based Access Control (RBAC) and Least Privilege

CBI has implemented RBAC and the principle of least privilege to ensure that users have only the minimum necessary access rights based on their specific roles. This strategy helps reduce the risk of misuse and safeguards sensitive data.

Audit Trails and Monitoring

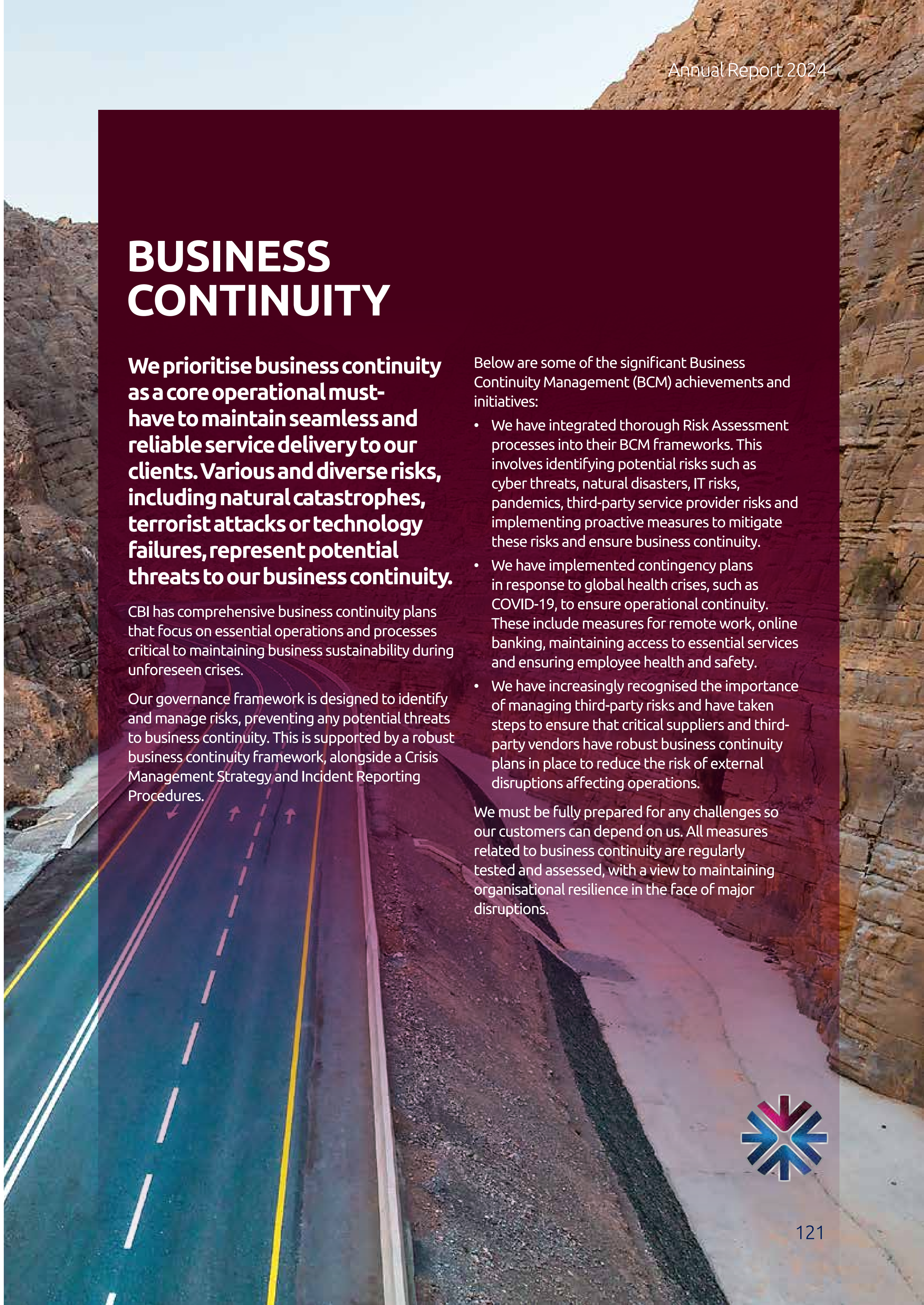
CBI has established logging and monitoring mechanisms to track admin user activity through its IAM tools. These measures allow for timely detection and response to potential security risks or unethical behaviour.

Compliance Management

CBI's IAM practices are fully aligned with CBUAE regulations and standards, so ensuring compliance with local financial governance requirements.

Accountability for Access Violations

CBI tracks and addresses Segregation of Duties (SoD) access violations promptly, ensuring clear accountability for any unauthorised actions or breaches, and highlighting our responsible and ethical management of user and data access.



BUSINESS CONTINUITY

We prioritise business continuity as a core operational must-have to maintain seamless and reliable service delivery to our clients. Various and diverse risks, including natural catastrophes, terrorist attacks or technology failures, represent potential threats to our business continuity.

CBI has comprehensive business continuity plans that focus on essential operations and processes critical to maintaining business sustainability during unforeseen crises.

Our governance framework is designed to identify and manage risks, preventing any potential threats to business continuity. This is supported by a robust business continuity framework, alongside a Crisis Management Strategy and Incident Reporting Procedures.

Below are some of the significant Business Continuity Management (BCM) achievements and initiatives:

- We have integrated thorough Risk Assessment processes into their BCM frameworks. This involves identifying potential risks such as cyber threats, natural disasters, IT risks, pandemics, third-party service provider risks and implementing proactive measures to mitigate these risks and ensure business continuity.
- We have implemented contingency plans in response to global health crises, such as COVID-19, to ensure operational continuity. These include measures for remote work, online banking, maintaining access to essential services and ensuring employee health and safety.
- We have increasingly recognised the importance of managing third-party risks and have taken steps to ensure that critical suppliers and third-party vendors have robust business continuity plans in place to reduce the risk of external disruptions affecting operations.

We must be fully prepared for any challenges so our customers can depend on us. All measures related to business continuity are regularly tested and assessed, with a view to maintaining organisational resilience in the face of major disruptions.

RESPONSIBLE BUSINESS
Continued

TAX TRANSPARENCY

As part of its broader strategy to diversify the economy and become aligned with global tax standards, the UAE introduced its first federal corporate tax in 2023. The UAE Ministry of Finance introduced Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses. This came into effect on 1 June 2023, marking a significant shift in the country's tax landscape.

Our commitment to tax compliance is not only a regulatory obligation but is also deeply aligned with our broader business objectives, including our ESG commitments.

By maintaining the highest standards of transparency in our tax practices, we are contributing to the ongoing development and diversification of the UAE's economy, supporting its sustainable growth, creating long-term value and highlighting our accountability to stakeholders.

CBI's tax governance policy marks a commitment to transparency and adherence to the UAE federal corporate tax law. The key principles guiding this commitment include:

1. Ensuring full compliance with the tax laws and regulations in addition to ongoing monitoring, including internal audits to ensure compliance with evolving regulations.
2. Compliance with Transfer Pricing Rules by applying the arm's-length transactions and maintaining documentation to support these transactions.
3. Open and regular communication with the FTA to ensure the Bank remains aligned with regulatory changes and demonstrates proactive compliance.

ESG KPIs

CLIMATE CHANGE

Environmental Footprint

	2022	2023	2024
GHG emissions			
Total amount in CO_2 equivalents for Scope 1 (tCO_2)	136.00	136.00	**156.18**
Total amount in CO_2 equivalents for Scope 2 (tCO_2)	863.00	863.00	**991.07**
Total amount in CO_2 equivalents for Scope 3 (tCO_2)	13.30	13.30	**15.27**

	2022	2023	2024
Energy usage			
Total amount of energy directly consumed (MWh)	2,150.00	2,432.00	**2,466.36**

	2022	2023	2024
Water usage			
Total amount of water consumed (Mega litres)	3.3303	3.5939	**3.74**

Scope 1: Direct Emissions Fuel Consumption by Vehicles Owned or Leased. Fuel consumption recorded as per the invoices paid to the supplier.

Scope 2: Indirect Emissions Electricity Consumption. Electricity consumption was recorded using billed invoices from the utility providers.

Scope 3: Other Indirect Emissions Air Travel.

We report GHG emissions in tonnes of carbon dioxide equivalent (tCO_2e). Our reporting approach on Greenhouse Gases for 2024 is based on the average GHG emissions per employee in 2022. We aim to change our reporting methodology to align with best practices.

SOCIAL RESPONSIBILITY

Employee engagement and well-being

	2022	2023	2024
Employees by contract			
Total number of employees (#)	438	453	**503**
Full-time employees (#)	438	453	**503**
Part-time employees (#)	0	0	**0**
Contractors/Consultants (#)	0	0	**0**

	2022	2023	2024
Full-time employees by gender			
Male (#)	244	260	**289**
Female (#)	194	193	**214**

ESG KPIs
Continued

SOCIAL RESPONSIBILITY
Continued

Employee engagement and well-being continued

		2022 Number	2022 Percentage	2023 Number	2023 Percentage	2024 Number	2024 Percentage
Employee turnover							
Total employee voluntary and involuntary turnover (%)		59	13%	51	11%	42	8%
Turnover by age (%)	Under 30 years old	5	1.1%	10	2%	9	1.7%
	30-50 years old	44	10%	34	7.5%	30	5.9%
	Over 50 years old	10	2.2%	7	1.5%	3	0.5%
Turnover by gender (%)	Male	38	8.6%	22	5%	14	2.7%
	Female	20	4.5%	29	6%	28	5.5%

	2022	2023	2024
Injury rate			
Percentage: Frequency of injury events relative to total workforce time (%)	0	0	0

Emiratisation

		2022	2023	2024
Emiratisation level [1]				
Total UAE national employees (#)		117	117	161
Emiratisation rate (%)		27%	25%	32%
UAE national employees by gender (#)	Male	21	25	40
	Female	96	92	121
UAE national employees in Senior Management (%)		29%	30%	38%

(1) The Emiratisation metrics represents the employment of UAE nationals with a family book.

Talent attraction and development

		2022	2023	2024
New employees hires [1]				
Total new hires (#)		103	58	89
New hires by age (#)	Under 30 years old	25	19	45
	30-50 years old	73	39	43
	Over 50 years old	5	0	1
New hires by gender (#)	Male	53	37	42
	Female	50	21	47
New hires by nationality: UAE nationals (#)	Male	2	11	17
	Female	7	0	45

(1) F ull-time employees

Training hours		2022 Total hours	2022 Average hours per employee	2023 Total hours	2023 Average hours per employee	2024 Total hours	2024 Average hours per employee
Total training hours (#)		4,560	10	10,175	23	13,506	29
Training hours by gender (#)	Male	1,099	5	5,675.9	23	7,601	27
	Female	3,461	18	4,499.2	22	5,906	31
Training hours by employee category (#)	Senior and Executive Management	31	1	363	17	1,110	46
	Middle Management	2,285	18	3,439	25	5,092	35
	Non-Management	2,244	8	6,372	22	7,304	24

	2022	2023	2024
Training expenditures			
Total training expenditures (AED)	1,382,000	2,472,852	2,784,175
Training expenditures per employee (AED)	3,199	5,532	5,936

ESG KPIs
Continued

SOCIAL RESPONSIBILITY
Continued

Talent attraction and development continued

		2022	2023	2024
Performance Management				
Total full-time employees who received a regular performance development review during the reporting period (%)		100%	100%	**100%**
By employee category (%)	Senior and Executive Management	100%	100%	**100%**
	Middle Management	100%	100%	**100%**
	Non-Management	100%	100%	**100%**
By gender (%)	Male	100%	100%	**100%**
	Female	100%	100%	**100%**

Diversity & Inclusion

		2022	2023	2024
Employee diversity				
Employee by gender (%)	Male	56%	57%	**57%**
	Female	44%	43%	**43%**
Employees by age (%)	Under 30 years old	11%	10%	**16%**
	30-50 years old	80%	77%	**72%**
	Over 50 years old	9%	13%	**11%**
Employees in entry and mid-level positions (%)	Male	54%	56%	**56%**
	Female	46%	44%	**44%**
Employees in senior and executive-level positions (%)	Male	92%	91%	**92%**
	Female	8%	9%	**8%**

	2022	2023	2024
Gender pay ratio (1)			
Overall ratio	1.08	1.03	**1**
Senior and Executive Management	0.79	0.79	**0.79**
Middle Management	0.73	0.78	**0.78**
Non-Management	0.93	0.84	**0.82**

(1) Gender pay ratio is calculated as the ratio of median male to median female gross salary. Salary is considered as the monthly total pay in AED including fixed pay, social allowance, job-based allowances as calculated for the month of December.

	2022	2023	2024
People of determination			
Total number of people of determination employed (#)	2	2	**2**

	2022	2023	2024
Parental Leave			
Female employees who took maternity leave (#)	5	7	**12**
Female employees who return to work after maternity leave (#)	3	9	**10**
Number of Employees who Took Parental Leave (#)	2	13	**34**

	2022	2023	2024
Nationalities			
Total number of employees nationalities (#)	36	35	**36**

Digital & Innovation

	2022	2023	2024
Digital channels for customer engagement			
Number of digital banking subscribers (#)	7,564	8,178	**8,771**

	2022	2023	2024
Total number of transactions by channel			
Online (#)	595,430	637,802	**652,208**
Mobile (#)	345,390	403,659	**434,007**
ATM (#)	894,285	864,093	**879,311**
Branch (#)	340,375	281,677	**278,677**

ESG KPIs

Continued

RESPONSIBLE BUSINESS

Corporate Governance & Business Ethics

	2022	2023	2024
Composition of the Board of Directors			
Total number of Board of Directors (#)	9	9	9
Total number of independent Board members (#)	5	5	5
Total number of executive members of the Board (#)	0	0	0
Percentage of independent Board members (%)	56%	56%	56%

	2022	2023	2024
Board composition by gender			
Male (%)	78%	78%	78%
Female (%)	22%	22%	22%

	2022	2023	2024
Board composition by age group			
Under 30 years old (%)	0	0	0
30-50 years old (%)	56%	56%	56%
Over 50 years old (%)	44%	44%	44%

	2022	2023	2024
Business Ethics			
Breaches of code of conduct (#)	0	0	0
Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations (AED)	0	0	0

	2022	2023	2024
Whistleblowing cases			
Total number of whistleblowing cases filed in the reporting period (#)	1	1	0
Total number of whistleblowing cases addressed or resolved in the reporting period (#)	1	1	0
Percentage of whistleblowing cases that were substantiated (%)	100%	100%	0%

Risk Management and Cybersecurity

	2022	2023	2024
Training on data privacy and protection			
Employees trained on data privacy and protection (%)	83%	99%	98%

	2022	2023	2024
Combating Financial Crime			
Amount of fraudulent transaction activity (AED)[(1)]	87,996	35,541	166,335
Percentage of employees who completed AML/CTF/ Sanction training (%)	95%	93%	98%

(1) Total value of account holder transactions refunded to account holders due to fraud

Procurement

	2022	2023	2024
Procurement			
Total number of suppliers engaged (#)	235	479	433
Total number of local suppliers engaged (#)	195	396	359
Total procurement spending (AED)	45,930,796	166,093,010	155,408,195
Procurement spending on local suppliers (AED)	43,243,833	149,058,254	131,183,033
Procurement spending on local suppliers (in % of the total procurement budget)	94%	90%	84%

ESG KPIs

Continued

RESPONSIBLE BUSINESS

Continued

Financial crime, anti-bribery and corruption

	2022	2023	2024
Incidents of corruption			
Total number and nature of confirmed incidents of corruption (#)	0	0	**0**
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption (#)	0	0	**0**

	2022	2023	2024
Legal cases regarding corruption			
Number of public legal cases regarding corruption brought against the organisation or its employees during the reporting period (#)	0	0	**0**

	2022	2023	2024
Employee acknowledgement on Code of Conduct			
Total number of employees that have acknowledged the Code of Conduct (#)	438	453	**488**
Percentage of employees that have acknowledged the Code of Conduct (%)	100%	100%	**97%**

	2022	2023	2024
Employee training on anti-corruption (1)			
Total number of employees receiving anti-corruption training (#)	N/A	438	**454**
Percentage of employees receiving anti-corruption training (%)(2)	N/A	100%	**100%**

(1) Anti-corruption education is embedded in the Conflicts of Interest Training.

(2) Ratio calculated based on the number of eligible employees when the training was launched.

Tax Transparency

	2022	2023	2024
Corporate Tax disclosures			
Corporate tax expense (AED)	–	–	**20,796,000**

Notes: The Corporate Tax regime in the UAE became effective for accounting periods starting on or after 1 June 2023. For CBI group, the first tax period reported was from 1 January to 31 December 2024.

ENVIRONMENTAL DISCLOSURES

Category	Metric	Calculation	2024 CBI Sustainable report
Environment	E1. GHG Emissions	E1.1) Total amount in CO_2 equivalents for Scope 1 E1.2) Total amount in CO_2 equivalents for Scope 2 (if applicable) E1.3) Total amount in CO_2 equivalents, for Scope 3 (if applicable)	E1.1) Page 123 E1.2) Page 123 E1.3) Page 123
Environment	E2. Emissions Intensity	E2.1) Total GHG emissions per output scaling factor E2.2) Total non-GHG emissions per output scaling factor	E2.1) Data currently unavailable E2.2) Data currently unavailable
Environment	E3. Energy Usage	E3.1) Total amount of energy directly consumed E3.2) Total amount of energy indirectly consumed	E3.1) Page 123 E3.2) Data currently unavailable
Environment	E4. Energy Intensity	Total direct energy usage per output scaling factor	Data currently unavailable.
Environment	E5. Energy Mix	Percentage: Energy usage by generation type	Data currently unavailable.
Environment	E6. Water Usage	E6.1) Total amount of water consumed E6.2) Total amount of water reclaimed	E6.1) Page 123 E6.2) Data currently unavailable
Environment	E7. Environmental Operations	E7.1) Does your company follow a formal Environmental Policy? Yes/No E7.2) Does your company follow specific waste, water, energy, and/or recycling polices? Yes/No E7.3) Does your company use a recognised energy management system?	E7.1) No E7.2) No E7.3) No
Environment	E8. Environmental Oversight	Does your Management Team oversee and/or manage sustainability issues? Yes/No	Yes. Please refer to Sustainability Governance Framework on pages 88 and 89.
Environment	E9. Environmental Oversight	Does your Board oversee and/or manage sustainability issues? Yes/No	Yes. At CBI, sustainability-related matters have recently been incorporated into the mandate of the Board Executive Committee. Page 88.
Environment	E10. Climate Risk Mitigation	Total amount invested, annually, in climate-related infrastructure, resilience, and product development	No amount invested in 2024.

SOCIAL DISCLOSURES

Category	Metric	Calculation	2024 CBI Sustainable report
Social	S1. CEO Pay Ratio	S1.1) Ratio: CEO total compensation to median Full Time Equivalent (FTE) total compensation S1.2) Does your company report this metric in regulatory filings? Yes/No	S1.1) Data currently unavailable. S1.2) No.
Social	S2. Gender Pay Ratio	Ratio: Median male compensation to median female compensation	Page 126
Social	S3. Employee Turnover	S3.1) Percentage: Year-over-year change for full-time employees S3.2) Percentage: Year-over-year change for part-time employees S3.3) Percentage: Year-over-year change for contractors/consultants	S3.1) Page 124 S3.2) Page 124 S3.3) Page 124
Social	S4. Gender Diversity	S4.1) Percentage: Total enterprise headcount held by men and women S4.2) Percentage: Entry- and mid-level positions held by men and women S4.3) Percentage: Senior- and executive level positions held by men and women	S.4.1) Page 123 S.4.2) Page 126 S.4.3) Page 126
Social	S5. Temporary Worker Ratio	S5.1) Percentage: Total enterprise headcount held by part-time employees S5.2) Percentage: Total enterprise headcount held by contractors and/or consultants	S5.1) No Part time employees. S5.2) Page 123
Social	S6. Non-Discrimination	Does your company follow non-discrimination policy? Yes/No	No. There is no specific discrimination policy, however, this is covered in our Code of ethics and conduct under Personal Conduct.
Social	S7. Injury Rate	Percentage: Frequency of injury events relative to total workforce time	Page 124
Social	S8. Global Health & Safety	Does your company follow an occupational health and/or global health & safety policy? Yes/No	Yes, page 105

Category	Metric	Calculation	2024 CBI Sustainable report
Social	S9. Child & Forced Labor	S9.1) Does your company follow a child and/or forced labor policy? Yes/No S9.2) If yes, does your child and/or forced labor policy also cover suppliers and vendors? Yes/No	S9.1) No. CBI follow the regulations of MOHRE for child labor. Additionally, we do not employ children. Our youngest employee is 22 years old. S9.2) No. Before we employ any contractors, we make sure that they have a valid UAE work permit. MOHRE has strict regulations on child/forced labor.
Social	S10. Human Rights	S10.1) Does your company follow a human rights policy? Yes/No S10.2) If yes, does your human rights policy also cover suppliers and vendors? Yes/No	S10.1) No. CBI complies with the UAE labour law
Social	S11. Nationalisation	Percentage of national employees	Page 124
Social	S12. Community Investment	Amount invested in the community, as a percentage of company revenues.	No amount directly invested. Donations such as furniture and IT equipment made to several local organisations.

GOVERNANCE DISCLOSURES

Category	Metric	Calculation	2024 CBI Sustainable report
Governance	G1. Board Diversity	G1.1) Percentage: Total board seats occupied by men and women G1.2) Percentage: Committee chairs occupied by men and women	G1.1) Page 128 G1.2) Page 128
Governance	G2. Board Independence	G2.1) Does company prohibit CEO from serving as board chair? Yes/No G2.2) Percentage: Total board seats occupied by independent board members	G2.1) Yes. As per CBUAE regulations, executives are not permitted to sit on the Board. This ensures a complete separation of the roles of the Chairman and the CEO, maintaining clear and distinct governance and oversight responsibilities. G2.2) Page 128
Governance	G3. Incentivised Pay	Are executives formally incentivised to perform on sustainability?	Data currently unavailable
Governance	G4. Supplier Code of Conduct	G4.1) Are your vendors or suppliers required to follow a Code of Conduct? Yes/No G4.2) If yes, what percentage of your suppliers have formally certified their compliance with the code?	G4.1) No G4.2) Data currently unavailable) we are working to provide requisite details in next report.
Governance	G5. Ethics & Prevention of Corruption	G5.1) Does your company follow an Ethics and/or Prevention of Corruption policy? Yes/No G5.2) If yes, what percentage of your workforce has formally certified its compliance with the policy?	G5.1) Yes. Page 117 G5.2) Page 130
Governance	G6. Data Privacy	G6.1) Does your company follow a Data Privacy policy? Yes/No G6.2) Has your company taken steps to comply with GDPR rules? Yes/No	G6.1) Yes. Page 120 G6.2) Data currently unavailable.

Category	Metric	Calculation	2024 CBI Sustainable report
Governance	G7. Sustainability Reporting	Does your company publish a sustainability report? Yes/No	Yes, this is CBI's fifth sustainability report
Governance	G8. Disclosure Practices	G8.1) Does your company provide sustainability data to sustainability reporting frameworks? Yes/No G8.2) Does your company focus on specific UN Sustainable Development Goals (SDGs)? Yes/No G8.3) Does your company set targets and report progress on the UN SDGs? Yes/No	G8.1) Yes. G8.2) Yes. Pages 90, 98 and 112 G8.3) No.
Governance	G9. External Assurance	Are your sustainability disclosures assured or verified by a thirdparty audit firm? Yes/No	No

FINANCIAL STATEMENTS AND NOTES

Commercial Bank International P.J.S.C.

REPORTS AND THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

These audited consolidated financial statements are subject to approval of the Central Bank of the UAE and adoption by shareholders at the annual general meeting.

Table of contents

Commercial Bank International P.J.S.C.
Board of Directors' report

The Board of Directors has pleasure in submitting their report and the audited Consolidated financial statements of Commercial Bank International P.J.S.C (the "Bank") and its subsidiaries (together the "Group") for the year ended 31 December 2024.

Incorporation and registered offices

Commercial Bank International P.J.S.C. (the "Bank") was incorporated under an Emiri Decree Number 5/91 on 28 April 1991 by His Highness Ruler of Ras Al-Khaimah. The address of the registered office is P.O. Box 793, Ras Al-Khaimah, United Arab Emirates.

Principal activities

The principal activities of the Bank are retail banking, commercial banking, investment banking, Islamic banking and asset management and these activities are carried out through its branches in the United Arab Emirates.

Financial position and results

The financial position and results of the Group for the year ended 31 December 2024 are set out in the accompanying consolidated financial statements.

The Group has earned net interest income and income from Islamic financing and investing activities amounting AED 344 million during the year ended 31 December 2024 (2023: AED 355.2 million) and had recorded a profit before tax tax of AED 222.7 million for the year ended 31 December 2024 (2023: AED 170.6 million).

Directors

The following were the Directors of the Bank at the end of year ended 31 December 2024:

Mr. Saif Ali Al Shehhi	Chairman
Mr. Ali Rashid Al-Mohannadi	Vice Chairman
Mr. Mohamed Ali Musabbeh Al Nuaimi	
Mr. Mubarak Ahmad Bin Fahad Almheiri	
Ms. Maitha Saeed Al Falasi	
Dr. Ghaith Hammel Al Ghaith Al Qubaisi	
Mr. Salaheddin Almabruk AlMadani	
Ms. Fatma Ibrahim Al Baker	
Mr. Abdulaziz Khalid Jokhdar	

Auditors

The consolidated financial statements for the year ended 31 December 2024 have been audited by Grant Thornton Audit and Accounting Limited and, being eligible, offer themselves for reappointment.

By order of the Board of Directors

Saif Al Shehhi (Jan 14, 2025 12:08 GMT+4)

Saif Ali Al Shehhi
Chairman

14 January 2024

Grant Thornton Audit and Accounting Limited – Abu Dhabi

Office 1101, 11th Floor
Al Kamala Tower
Zayed the 1st Street
Khalidiya
Abu Dhabi, UAE

T +971 2 666 9750
www.grantthornton.ae

Independent Auditor's Report
To the Shareholders of Commercial Bank International P.J.S.C

Report on the Audit of the Consolidated Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Group for the year ended 31 December 2024. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. **Measurement of expected credit losses**
   The assessment of the Group's determination of impairment allowances for financial assets at amortised cost requires management to make judgments over the staging of financial assets and measurement of the Expected Credit Losses ("ECL"). The audit was focused on this matter due to the materiality of the financial assets at amortised cost and the complexity of judgements, assumptions and estimates used in the ECL models.

   The financial assets at amortized cost for retail and non-retail are assessed individually for the significant increase in credit risk ("SICR") and measurement of ECL. This requires management to capture all qualitative and quantitative reasonable and supportable forward-looking information while assessing SICR, or while assessing credit-impaired criteria for the exposure. Management judgment may also be involved in manual staging movements in accordance with the Group's policies and the requirements of IFRS 9 – Financial Instruments.

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

1. **Measurement of expected credit losses** (continued)

The measurement of ECL amounts for retail and non-retail exposures classified as Stage 1 and Stage 2 are carried out by the models with limited manual intervention. It is important that the models and key variables probability of default (PD), loss given default (LGD), exposure at default (EAD) and macroeconomic adjustments are valid throughout the year and are subject to a validation process by an independent reviewer.

For the defaulted exposures, management applies judgements to estimate the expected future cash flows related to individual exposures including the value of collateral.

Measurement of ECL is considered a key audit matter as the Group applies significant judgments and makes a number of assumptions in developing ECL models.

How our audit addressed the key audit matter

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:

- Obtained an understanding of the credit risk management process and the estimation process of determining impairment allowances for loans and advances and tested the operating effectiveness of relevant controls within these processes.
- For a sample of exposures, checked the appropriateness of the Group's application of the staging criteria, including the basis for movement between stages.
- Tested the completeness and accuracy of the data used in the calculation of ECL.
- We involved our IFRS 9 experts to assess:
    - the conceptual framework used for developing the Group's impairment policy in the context of its compliance with the requirements of IFRS 9 – Financial Instruments.
    - ECL modelling methodology and calculations used to compute the probability of default (PD), loss given default (LDG), and exposure at default (EAD) including reasonableness of the assumptions.
    - the appropriateness of the macro-economic variables, multiple economic scenarios chosen and scenario weightings.
- Tested the calculation methodology and traced a sample back to source data for a sample of wholesale and retail exposures.
- Evaluated post model adjustments and management overlays in order to assess the reasonableness of these judgements.
- The Group performed an external validation of key variables i.e. probability of default and loss given default, including macroeconomic, used in calculating the ECL during the year. We considered the process of this external validation of the models and its impact on the results of the impairment estimate.
- Performed an independent credit assessment for a sample of non-retail customers, including Stage 3 customers, by assessing the quantitative and qualitative factors including assessment of financial performance of the customer, source of repayments and its history, discounted future cash flows of the borrower, credit risk mitigation through collateral and other relevant risk factors.
- Assessed the disclosure in the consolidated financial statements relating to ECL against the requirements of IFRS Accounting Standards.

Grant Thornton

Independent Auditor's Report to the Shareholders of Commercial Bank International P.J.S.C (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

2. IT systems and controls over financial reporting

We identified IT systems and controls over the Bank's financial reporting as an area of focus due to the extensive volume and variety of transactions which are processed daily by the Bank and reliance on the effective operation of automated and IT dependent manual controls. There is a risk that automated accounting procedures and related internal controls are not accurately designed and operating effectively. In particular, the incorporated relevant controls are essential to limit the potential for fraud and error as a result of change to an application or underlying data.

How our audit addressed the key audit matter

Our audit approach relied on automated controls and therefore the following procedures were performed to test access and control over IT systems:

- Obtained an understanding of the applications relevant to financial reporting and the infrastructure supporting these applications.
- We involved our IT experts to:
  - test IT general controls (ITGC) relevant to automated controls and computer-generated information covering access, security, program changes, data centre and network operations.
  - perform testing on the key automated controls on significant IT systems relevant to business processes.
- Examined computer generated information used in financial reports from relevant applications and key controls over their report logics.

Other Information

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

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of our 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.

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 as issued by International Accounting Standards Board ("IASB") and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021, and for such internal control as Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report to the Shareholders of Commercial Bank International P.J.S.C (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements (continued)

In preparing the consolidated financial statements, 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.

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 ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report to the Shareholders of Commercial Bank International P.J.S.C (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

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

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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year 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

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

- We have obtained all the information we considered necessary for the purposes of our audit;
- The 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;
- The Bank has maintained proper books of account;
- The financial information included in the Board of Directors' report is consistent with the books of account and records of the Bank;
- Notes 12 and 13 to the consolidated financial statements disclose the Bank purchases or investments in shares during the year ended 31 December 2024;
- Note 42 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;
- Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Bank has contravened during the year ended 31 December 2024 any of the applicable provisions of the UAE Federal Law No. (32) of 2021 or its Articles of Association which would materially affect its activities or its financial position as at 31 December 2024; and
- Note 30 to the consolidated financial statements discloses social contributions made during the year ended 31 December 2024.

Independent Auditor's Report to the Shareholders of Commercial Bank International P.J.S.C (continued)

Report on Other Legal and Regulatory Requirements (continued)

Further, as required by UAE 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.

Grant Thornton

GRANT THORNTON UAE

Farouk Mohamed
Registration No: 86
Abu Dhabi, United Arab Emirates

Date: 14 January 2025

Commercial Bank International P.J.S.C.
Consolidated statement of financial position

as at

	Note	31 Dec 2024 AED '000	31 Dec 2023 AED '000
Assets			
Cash and balances with Central Bank	6	**1,573,434**	1,384,318
Derivative financial instruments	40	**10,324**	2,633
Deposits and balances due from banks	7	**930,362**	707,008
Loans, advances and Islamic financing	8	**13,582,911**	12,608,439
Investment in associates	9	**9,610**	-
Receivables and other assets	10	**1,294,037**	674,644
Property inventory and others	11	**213,761**	458,670
Investment securities measured at fair value	12	**307,788**	300,321
Investment securities measured at amortised cost	13	**2,824,561**	2,677,001
Investment properties	14	**7,410**	39,097
Intangible assets	15	**34,255**	27,170
Property and equipment	16	**106,204**	94,462
Total assets		**20,894,657**	18,973,763
Liabilities and equity			
Liabilities			
Balance due to the Central Bank	6	**-**	1,783
Derivative financial instruments	40	**2,155**	8,068
Deposits and balances due to banks	17	**1,567,398**	2,747,835
Customer accounts and other deposits	18	**15,430,147**	12,607,731
Payables and other liabilities	19	**845,049**	735,407
Total liabilities		**17,844,749**	16,100,824
Equity			
Share capital	20	**1,737,383**	1,737,383
Tier 1 Capital Securities	21	**459,125**	459,125
Reserves	22	**289,172**	525,291
Retained earnings		**443,495**	31,083
Equity attributable to owners of the Bank		**2,929,175**	2,752,882
Non-controlling interests	23	**120,733**	120,057
Total equity		**3,049,908**	2,872,939
Total liabilities and equity		**20,894,657**	**18,973,763**

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

Ali Rakkad AlAmri (Jan 14, 2025 12:00 GMT+4)
....
Ali Sultan Rakkad Al Amri
Chief Executive Officer

Saif Al Shehhi (Jan 14, 2025 12:03 GMT+4)
....
Saif Ali Al Shehhi
Chairman

The accompanying notes and appendix form an integral part of these consolidated financial statements

for the year ended 31 December

	Note	2024 AED '000	2023 AED '000
Interest income	24	**978,464**	952,228
Income from Islamic financing and investing assets	25	**104,503**	83,369
Total interest income and income from Islamic financing and investing assets		**1,082,967**	1,035,597
Interest expense	26	**(613,874)**	(568,300)
Distribution to Islamic depositors	27	**(125,096)**	(112,054)
Net interest income and income from Islamic financing and investing assets		**343,997**	355,243
Fee and commission income		**159,732**	131,054
Fee and commission expense		**(21,402)**	(18,514)
Net fee and commission income	28	**138,330**	112,540
Other operating income, net	29	**221,295**	75,764
Share of results from associates	9	**(390)**	-
Net operating income		**703,232**	543,547
General and administrative expenses	30	**(377,664)**	(349,092)
Net impairment charge on financial assets	31	**(102,769)**	(53,661)
Net impairment (charge)/ reversal on non-financial assets	32	**(148)**	29,847
Profit for the year before tax		**222,651**	170,641
Income tax expense	33	**(20,796)**	-
Profit for the year		**201,855**	170,641
Profit for the year after tax attributable to:			
Owners of the Bank		**201,179**	153,921
Non-controlling interests	23	**676**	16,720
		201,855	170,641
Earnings per share:			
Basic and diluted earnings per share (AED)	35	**0.10**	0.09

for the year ended 31 December

	Note	2024 AED '000	2023 AED '000
Profit for the year after tax		**201,855**	170,641
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Changes in fair value of financial assets measured at fair value through other comprehensive income		**2,634**	884
Remeasurement of net defined benefit liability		**-**	2,781
Other comprehensive income for the year		**2,634**	3,665
Total comprehensive income for the year		**204,489**	174,306
Total comprehensive income for the year attributable to:			
Owners of the Bank		**203,813**	157,586
Non-controlling interests	23	**676**	16,720
		204,489	174,306

The accompanying notes and appendix form an integral part of these consolidated financial statements.

for the year ended 31 December

	Share capital AED '000	Tier 1 capital securities AED '000	Reserves AED '000	Retained earnings AED '000	Equity attributable to owners of the Bank AED '000	Non-controlling interests AED '000	Total AED '000
2024							
Balance as at 31 December 2023	**1,737,383**	**459,125**	**525,291**	**31,083**	**2,752,882**	**120,057**	**2,872,939**
Profit for the year	**-**	**-**	**-**	**201,179**	**201,179**	**676**	**201,855**
Other comprehensive income for the year	**-**	**-**	**2,634**	**-**	**2,634**	**-**	**2,634**
Total comprehensive income for the year	**-**	**-**	**2,634**	**201,179**	**203,813**	**676**	**204,489**
Interest paid on Tier 1 Capital Securities	**-**	**-**	**-**	**(27,520)**	**(27,520)**	**-**	**(27,520)**
Transfer from reserve to retained earnings (note 22)	**-**	**-**	**(238,753)**	**238,753**	**-**	**-**	**-**
Balance as at 31 December 2024	**1,737,383**	**459,125**	**289,172**	**443,495**	**2,929,175**	**120,733**	**3,049,908**

The accompanying notes and appendix form an integral part of these consolidated financial statements.

for the year ended 31 December

	Share capital AED '000	Tier 1 capital securities AED '000	Reserves AED '000	Retained earnings /(Accumulated Losses) AED '000	Equity attributable to owners of the Bank AED '000	Non-controlling interests AED '000	Total AED '000
2023							
Balance as at 31 December 2022	1,737,383	459,125	551,118	(152,330)	2,595,296	103,337	2,698,633
Profit for the year	-	-	-	153,921	153,921	16,720	170,641
Other comprehensive income for the year	-	-	884	2,781	3,665	-	3,665
Total comprehensive income for the year	-	-	884	156,702	157,586	16,720	174,306
Transfer from reserve to retained earnings (note 22)	-	-	(26,711)	26,711	-	-	-
Balance as at 31 December 2023	1,737,383	459,125	525,291	31,083	2,752,882	120,057	2,872,939

The accompanying notes and appendix form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

for the year ended 31 December

	2024 AED '000	2023 AED '000
Cash flows from operating activities		
Profit for the year before income tax	**222,651**	170,641
Adjustments for:		
Depreciation of property and equipment (note 30)	**21,529**	20,888
Depreciation of investment property (note 30)	**710**	1,187
Amortisation of intangible assets (note 30)	**9,546**	10,201
Net impairment charge on financial assets (note 31)	**102,769**	53,661
Net impairment charge/ (reversal) on non-financial assets (note 32)	**148**	(29,847)
Amortisation of financial assets measured at amortised cost	**5,165**	5,061
Gain on financial assets measured at FVTPL	**(2,095)**	(35,424)
Dividend income	**(737)**	(625)
Provision for end of service benefits	**7,088**	9,454
Share of results under associates (note 9)	**390**	-
Loss/ (gain) on disposal of Investment properties	**233**	(3,159)
	367,397	202,038
Changes in operating assets and liabilities:		
Increase in balances with the Central Bank of the UAE	**(184,488)**	(106,070)
Increase in deposits and balances due from banks with original maturity of 90 days or more	**(174,551)**	(264,134)
Decrease /(increase) in financial assets measured at amortised cost with original maturity of 90 days or more	**120,712**	(60,203)
(Increase)/decrease in loans, advances and Islamic financing	**(1,484,003)**	269,644
Decrease in property inventory	**132,169**	18,446
(Increase)/decrease in receivables and other assets	**(85,451)**	1,503,416
(Decrease)/ increase in due to the Central Bank of the UAE	**(1,783)**	35
Decrease in deposits and balances due to banks	**(1,180,437)**	(1,266,697)
Increase in customer accounts and other deposits	**2,822,416**	407,906
Increase /(decrease) in payables and other liabilities	**84,505**	(1,515,691)
Cash generate from/ (used in) operating activities	**416,486**	(811,310)
End of service benefits paid	**(2,745)**	(2,637)
Net cash generate from/ (used in) operating activities	**413,741**	(813,947)
Cash flows from investing activities:		
Purchase of property and equipment (note 16)	**(35,332)**	(20,752)
Purchase of intangible assets (note 15)	**(14,619)**	(892)
Proceeds from sale of investment properties	**16,159**	3,673
Proceeds from sale of property and equipment	**49**	-
Proceeds from sale of financial assets measured at OCI	**929**	-
Purchase of financial assets measured at amortised cost	**-**	(593,103)
Proceeds from redemption of financial assets measured at amortised cost	**132,011**	-
Purchase of financial assets measured at FVTPL	**(3,672)**	-
Purchase of investment in associates	**(10,000)**	-
Net settlement of FVTPL assets	**(13,604)**	5,955
Dividend received	**737**	625
Net cash generate from/(used in) investing activities	**72,658**	(604,494)
Cash flows from financing activities		
Interest paid on Tier 1 Capital securities	**(27,520)**	-
Net cash used in financing activities	**(27,520)**	-

The accompanying notes and appendix form an integral part of these consolidated financial statements.

for the year ended 31 December

	Note	2024 AED '000	2023 AED '000
Increase/(decrease) in cash and cash equivalents		**458,879**	(1,418,441)
Cash and cash equivalents at the beginning of the year		**1,105,953**	2,524,394
Cash and cash equivalents at the end of the year	36	**1,564,832**	1,105,953
Non-cash transactions:			
Repossession of properties and equipment from loan and advance to property inventory and others		**405,666**	**-**
Sale of property inventory and investment property		**533,942**	**46,820**

The accompanying notes and appendix form an integral part of these consolidated financial statements.

1. Status and activities

Commercial Bank International P.J.S.C. (the "Bank") is a public joint stock company with limited liability incorporated under an Emiri Decree Number 5/91 on 28 April 1991 by His Highness Ruler of Ras Al-Khaimah. The registered office of the Bank is at P.O. Box 793, Ras Al-Khaimah. The Bank is listed on the Abu Dhabi Exchange (Ticker "CBI"). The Bank carries on commercial banking activities through its branches in the United Arab Emirates ("the UAE"). These consolidated financial statements incorporate the financial statements of the Bank and its subsidiaries as disclosed below (collectively referred to as the "Group").

Details of the Group's subsidiaries and associates at the end of the reporting period are as follows:

Name	**Principal Activity**	**Principal place of business**	**Place of incorporation**	**% of ownership 2024**	**2023**
CBI Financial Services Limited	SPV	Dubai - UAE	Cayman Islands	100.0	100.0
CBI Tier 1 Private Ltd	SPV	Dubai – UAE	Cayman Islands	100.0	100.0
Takamul Real Estate L.L.C.	Real estate	Dubai – UAE	Dubai - UAE	100.0	100.0
Al Khaleejiah Property Investments LLC	Real estate	Sharjah - UAE	Sharjah - UAE	52.8	52.8
Al Caribi Development Limited	Real estate	Dubai – UAE	British Virgin Island	100.0	100.0
Callaloo CAY Development Limited*	Real estate	Antigua and Barbuda	Antigua and Barbuda	80.0	80.0
Arzaq Holdings (Private J.S.C.)**	Real estate	Sharjah - UAE	Sharjah - UAE	48.0	48.0
Tekle Holographics MENA Holding Ltd.	Technology	Dubai - UAE	Dubai - UAE	25.0	-

* *Under liquidation*

**** This associate is accounted for using the equity method in these consolidated financial statements and the net assets of ARZAQ are in deficit position, consequently investment in associate is carried at Nil value.

2. Application of new and revised IFRSs

2.1 New and revised IFRSs applied with no material effect on the consolidated financial statements.

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2024, have been adopted in these consolidated financial statements. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

2. Application of new and revised IFRSs (continued)

2.2 New and revised IFRSs in issue but not yet effective and not early adopted.

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

New and revised IFRSs	**Effective for annual periods beginning on or after**
Lack of Exchangeability (Amendments to IAS 21) The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.	1 January 2025
Amendments to the SASB standards to enhance their international applicability. The amendments remove and replace jurisdiction-specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics	1 January 2025
IFRS 18 Presentation and Disclosures in Financial Statements: IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures: IFRS 19 specifies reduced disclosure requirements that an eligible entity is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.	1 January 2027

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

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3. Material accounting policies

3.1 Statement of compliance

The consolidated financial statements of the Group are prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and comply with the requirements of applicable laws in the UAE.

On 20 September 2021, the UAE Federal Decree Law No. 32 of 2021 was issued and came into effect on 2 January 2022 which repealed the UAE Federal Law No. 2 of 2015 (as amended). 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.

3.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for items measured at fair value at the end of each reporting period, such as investments at fair value through profit or loss, other comprehensive income, and derivative financial instruments.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Bank takes into account when pricing the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16 and measurements that have some similarities to fair value but are not fair value such as net realisable value in IAS 2 or value in use in IAS 36.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted in the preparation of the Group consolidated financial statements are set out below. These policies have been consistently applied to all years presented.

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank (its subsidiaries). Control is achieved where the Bank has:

- power over the investee,
- exposure, or has rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

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

3. Material accounting policies (continued)

3.3 Basis of consolidation (continued)

When the Bank has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power.

The financial statements of subsidiaries are prepared for the same reporting period as that of the Bank, using consistent accounting policies.

All significant intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of Non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

3.4 Property and equipment

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

Historical cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are charged to the consolidated income statement in the period in which they are incurred.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in consolidated income statement.

Depreciation is charged so as to write off the cost of assets, other than land and capital work in progress, using the straight-line method, over the estimated useful lives of the respective assets. Freehold land is not depreciated. The estimated useful lives of the assets for the calculation of depreciation are as follows:

Buildings	25 years
Property improvements	4 - 7 years
Furniture, fixtures, equipment and vehicles	4 years
Right of use assets	2 - 5 years

The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. Material accounting policies (continued)

3.5 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated so as to write off the cost of investment properties using the straight line method over their estimated useful lives of 25 years.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of asset is recognised in the consolidated income statement in the period of derecognition.

3.6 Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the consolidated income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

3.7 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives for intangible assets ranges between 4 to 10 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3.8 Property inventory and others

Properties and other assets acquired, repossession in settlement of loans, or constructed with the intent to sell, are classified as property inventory and other. These are stated at the lower of cost (carrying amount of the loan in the case of repossession in settlement of loans) and net realizable value. Cost includes transaction costs incurred in respect of the acquisition of those properties. Net realisable value represents the estimated selling price for property inventory and other assets less all estimated costs necessary to make the sale

3. Material accounting policies (continued)

3.9 Provisions

A provision is recognised if, as a result of a past event, the Group has a present obligation (legal or constructive) that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where 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

3.10 Leases

3.10.1 The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented in ‘payables and other liabilities’ in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

3. Material accounting policies (continued)

3.10 Leases (continued)

3.10.1 The Group as lessee (continued)

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented in 'property and equipment' in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

3.10.2 The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

3. Material accounting policies (continued)

3.11 Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segment income, segment expenses and segment performance include transfers between business segments and between geographical segments. Refer to note 43 on business segment reporting.

3.12 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. However, every acceptance has a corresponding contractual right of reimbursement from the customer which is recognised as a financial asset.

3.13 Foreign currencies

The individual financial statements of each Group entity are presented in AED, which is the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in AED, which is the functional currency of the Bank, and the presentation currency for the consolidated financial statements.

Transaction in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in consolidated income in the period in which they arise.

3.14 Net interest income and income from Islamic products net of distribution to depositors

Interest income and expense for all financial instruments except for those classified as held for trading or those measured or designated as at FVTPL are recognised using the effective interest method to the gross carrying amount of non-credit impaired financial assets, or to the amortised cost of financial liabilities. For credit-impaired financial assets the interest income is calculated by applying the effective interest rate "EIR" to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECL).

The EIR is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts

3. Material accounting policies (continued)

3.15 Net fee and commission income

The Group earns fee and commission income from a diverse range of financial services provided to its customers. 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 income statement.

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 transaction / act is recognised as revenue when the transaction/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 (Ref to 3.14)

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.

3.16 Net income from financial instruments at FVTPL

Net income and interest from other financial instruments at FVTPL includes all gains and losses from changes in the fair value of financial assets and financial liabilities at FVTPL. The Group has elected to present the full fair value movement of assets and liabilities at FVTPL in this line, including the related interest income, expense and dividends (if any).

3.17 Dividend income

Dividend income is recognised when the right to receive payment is established. This is the ex-dividend date for listed equity securities, and usually the date when shareholders approve the dividend for unlisted equity securities.

3.18 Revenue from sale of property

The Group recognises revenue from sale of property based on a five-step model. The revenues is recognized when the performance obligation is satisfied i.e. control including risk and rewards are transferred to the customer.

3. Material accounting policies (continued).

3.19 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.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the consolidated income statement immediately.

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability.

Derivative assets and liabilities arising from different transactions are only offset if the transactions are with the same counterparty, a legal right of offset exists and the parties intend to settle the cash flows on a net basis

3.20 Financial guarantee contracts, letter of credit and undrawn commitment

The Group issues financial guarantees, letter of credit and loan commitments. Financial 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. Loan commitments are irrevocable commitments to provide credit under pre-specified terms and conditions.

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

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

Financial 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 financial guarantees, the related unearned commissions recognised under other liabilities in the consolidated statement of financial position are reclassified to the appropriate provision. Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, these contracts are in the scope of ECL requirements

3. Material accounting policies (continued)

3.21 Employees' end of service benefit

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.

Defined contribution plan

A defined contribution plan is a post-employment benefit program designed by the Group for UAE citizens in adherence to Federal Law. This plan ensures that the Group makes predetermined, fixed contributions to a designated government organization, thereby fulfilling its obligations without any further legal or constructive responsibilities for additional payments.

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 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 income statement. 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.

3.22 Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss

3. Material accounting policies (continued)

3.22 Financial assets

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

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

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at FVTOCI;
- all other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

However, the Group may make the following irrevocable election / designation at initial recognition of a financial asset on an asset-by-asset basis:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, in OCI; and
- the Group may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

3.22.1 Debt instruments at amortised cost or at FVTOCI

The Group assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Group's business model for managing the asset. For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

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

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

3. Material accounting policies (continued)

3.22 Financial assets (continued)

3.22.1 Debt instruments at amortised cost or at FVTOCI (continued)

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

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

The Group considers all relevant information available when making the business model assessment. However, this assessment is not performed on the basis of scenarios that the Group does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Group takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

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

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity. Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment. See note 38.1.

In the current and prior reporting period, the Group has not classified any debt instrument at FVTOCI. Further, in the current and prior reporting period the Group has not applied the fair value option and so has not designated debt instruments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

3.22.2 Financial assets at FVTPL

Financial assets at FVTPL are:

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

These assets are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Fair value is determined in the manner described in note 39.

3. Material accounting policies (continued)

3.22 Financial assets (continued)

3.22.3 Reclassifications

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on 'Modification and derecognition of financial assets' see note 3.22.10.

3.22.4 Foreign exchange gains and losses

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

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss. Other exchange differences are recognised in OCI in the investment's revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedge accounting relationship, exchange differences are recognised in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in OCI in the investment's revaluation reserve.

3.22.5 Impairment

The Group recognises loss allowances for expected credit losses (ECL) on the financial instruments that are not measured at FVTPL (including loan commitments and financial guarantee contracts). No impairment loss is recognised on equity investments.

With the exception of 'Purchased or Originated Credit-Impaired' (POCI) financial assets (which are considered separately below), ECL are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECL are measured at an amount equal to the 12-month ECL.

ECL are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

3. Material accounting policies (continued)

3.22 Financial assets (continued)

3.22.5 Impairment (continued)

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

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

More information on measurement of ECL is provided in note 38.1, including details on how instruments are grouped when they are assessed on a collective basis.

3.22.6 Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

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

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

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

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

3. Material accounting policies (continued)

3.22 Financial assets (continued)

3.22.8 Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECL and the identification of a significant increase in credit risk (see note 38.1).

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

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

The definition of default is appropriately tailored to reflect different characteristics of different types of assets. Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding.

When assessing if the borrower is unlikely to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in wholesale lending a qualitative indicator used is the breach of covenants, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Group uses a variety of sources of information to assess default which are either developed internally or obtained from external sources. More details are provided in note 38.1.

3.22.9 Significant increase in credit risk

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

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information. See note 38.1 for more details about forward looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine the ECL.

3. Material accounting policies (continued)

3.22 Financial assets (continued)

3.22.9 Significant increase in credit risk (continued)

For wholesale lending, forward-looking information includes the future prospects of the industries in which the Group's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information. For retail lending, forward looking information includes the same economic forecasts as wholesale lending with additional forecasts of local economic indicators, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment behaviour. The Group allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in credit worthiness of borrowers measured by rating downgrade which result in higher PD as per staging criteria.

The PDs used are forward looking and the Group uses the same methodologies and data used to measure the loss allowance for ECL (please refer to note 38.1).

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However, the Group still considers separately some qualitative factors to assess if credit risk has increased significantly. For wholesale lending there is particular focus on assets that are included on a 'watch list' given an exposure is on a watch list once there is a concern that the creditworthiness of the specific counterparty has deteriorated. For retail lending the Group considers the expectation of forbearance and payment holidays, credit scores and events such as unemployment, bankruptcy, divorce or death.

As a back-stop when an asset becomes 30 days past due, the Group considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL, unless the Group has reasonable and supportable information that demonstrates otherwise.

More information about significant increase in credit risk is provided in note 38.1.

3.22.10 Modification and derecognition of financial assets

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

The Group renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

3. Material accounting policies (continued)

3.22 Financial assets (continued)

3.22.10 Modification and derecognition of financial assets (continued)

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

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity and covenants. If these do not clearly indicate a substantial modification, then;
- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, with both amounts discounted at the original effective interest. If the difference in present value is substantial the Group deems the arrangement is substantially different leading to derecognition.

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

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

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

For financial assets modified as part of the Group's forbearance policy, where modification did not result in derecognition, the estimate of PD reflects the Group's ability to collect the modified cash flows taking into account the Group's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

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

3. Material accounting policies (continued)

3.22 Financial assets (continued)

3.22.10 Modification and derecognition of financial assets (continued)

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

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

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

3.22.11 Write-off

Loans and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off, or in the case of retail loan, when the amounts are over 180 days past due, whichever occurs sooner. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

3.22.12 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:

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

3.23 Equity instruments and financial liabilities

Equity and debt instruments issued by a Group entity are classified as either equity or as financial liabilities in accordance with the substance of the contractual arrangements and the definitions of an equity instrument and a financial liability.

3.23.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

3.23.2 Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group or a contract that will or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

3.23.2.1 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is 1) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, 2) held for trading, or 3) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

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

3. Material accounting policies (continued)

3.23 Equity instruments and financial liabilities (continued)

3.23.2 Financial liabilities (continued)

3.23.2.2 Other financial liabilities

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

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

3.23.2.3 Derecognition of financial liabilities

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

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

3.23.2.4 Sale and Repurchase Agreements

Securities sold subject to repurchase agreements (repos) are disclosed in the notes to the Group consolidated financial statements when the transferee has the right by contract or custom to sell or re-pledge the collateral; the counterparty liability is included as a separate deposit. Securities purchased under agreements to resell (reverse repos) are recorded as loans and receivables to either banks or customers, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

3.24 Investments in associates

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

The results and assets and liabilities of associates is incorporated in these consolidated financial statements using the equity method of accounting.

Under the equity method, an investment in an associate is recognised initially in the condensed consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate 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,

3. Material accounting policies (continued)

3.24 Investments in associates (continued)

is recognised immediately in profit or loss in the period in which the investment is acquired. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment separately.

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 income statement.

3.25 Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the interim financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

4. Islamic financing and investing products and Islamic customers' deposits

In addition to conventional banking products, the Group offers its customers certain non-interest based banking products, which are approved by its Sharia'a Supervisory Board. All Islamic banking products and related transactions are accounted for in accordance with its accounting policies for financial instruments and revenue recognition (see note 3).

4. Islamic financing and investing products and Islamic customers' deposits (continued)

4.1 Definitions

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

4.1.1 Murabaha

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

4. Islamic financing and investing products and Islamic customers' deposits (continued)

4.1.2 Ijarah

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

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

The Lessor retains the ownership of the asset throughout the lease term. At the end of the lease term, upon fulfillment of all the obligations by the Lessee under the Ijarah agreement, the Lessor will sell the leased asset to the Lessee at nominal value or as a gift by a separate sale or gift contract at the end of the lease period.

4.1.3 Wakala

An agreement between two parties whereby one party is a fund provider (the "Muwakkil") who provides a certain amount of money (the "Wakala Capital") to an agent (the "Wakeel"), who invests the Wakala Capital in a Sharia'a compliant manner and according to the feasibility study/investment plan submitted to the Muwakkil by the Wakeel. The Wakeel is entitled to a fixed fee (the "Wakala Fee") as a lump sum amount or a percentage of the Wakala Capital. The Wakeel may be granted any excess over and above a certain pre-agreed rate of return as a performance incentive. In principle, wakala profit is distributed on declaration/distribution by the Wakeel.

The Wakeel would bear the loss in case of its default, negligence or violation of any of the terms and conditions of the Wakala Agreement; otherwise the loss would be borne by the Muwakkil, provided the Muwakkil receives satisfactory evidence that such loss was due to force majeure and that the Wakeel neither was able to predict the same nor could have prevented the negative consequences of the same on the Wakala. Under the Wakala agreement the Group may act either as Muwakkil or as Wakeel, as the case may be.

5. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

5.1 Critical judgments in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in consolidated financial statements:

5.1.1 Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets accounting policy in note 3.22). 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 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.

5.1.2 Significant increase of credit risk

As explained in note 3.22.5, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information. Refer to note 38.1 for more details.

5.1.3 Establishing groups of assets with similar credit risk characteristics

When ECL are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. Refer to note 38.1 for details of the characteristics considered in this judgement. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECL, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECL but the amount of ECL changes because the credit risk of the portfolios differ.

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

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

5.1.4 Models and assumptions used

The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. See note 3.22 and note 38.1 for more details on ECL and note 39 for more details on fair value measurement.

5.1.5 Investment in MURJAN

AKPI, a subsidiary of the Bank, has investment of 50% equity stake in MURJAN. In 2010, the court, on request of shareholders of MURJAN, issued an order to dissolve the company and approved appointment of liquidators. Since MURJAN is managed by liquidators, AKPI assessed that it does not exercise any control or significant influence over MURJAN and investment in MURJAN is classified as financial assets measured at FVTPL.

5.2 Key sources of estimation uncertainty

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

5.2.1 Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward looking information relevant to each scenario

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Refer to note 38.1 for more details, including analysis of the sensitivity of the reported ECL to changes in estimated forward looking information.

5.2.2 Probability of default

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. See note 38.1 for more details.

5.2.3 Loss Given Default

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. See note 38.1.

5.2.4 Fair value measurement and valuation process

Certain assets and liabilities are measured at fair value for financial reporting purposes. The management determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group uses valuation models or engages third party qualified independent valuers to perform the valuation. Management works closely with the qualified independent valuers to establish the appropriate valuation techniques and inputs to the model. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in notes 39.

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

5.2 Key sources of estimation uncertainty (continued)

5.2.5 Impairment of property and equipment and investment properties

The Group determines at each reporting date whether there is any objective evidence that the property and equipment and investment properties are impaired. The management estimates the market value of properties based on the current market conditions and comparative transactions conducted by the independent valuers not related to the Group and how have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. Whenever the carrying amount of any property exceeds its recoverable amount, an impairment loss is recognised in profit or loss

6. Cash and balances with the Central Bank of UAE

	2024 AED '000	2023 AED '000
Cash on hand	**63,292**	58,664
Balance due from the Central Bank of UAE:		
Statutory cash ratio requirements	**510,142**	325,654
Overnight deposits	**1,000,000**	1,000,000
	1,573,434	1,384,318
Balance due to the Central Bank of UAE:		
Current account	**-**	1,783
	-	1,783

Statutory cash ratio requirements with the Central Bank of the UAE represent mandatory reserve deposits and are not available for use in the Group's day-to-day operations. The level of reserve required by Central Bank of the UAE changes every 14 days. Overnight deposits carry interest rate of 4.4% per annum (2023: 5.4% per annum).

7. Deposits and balances due from banks

	2024 AED '000	2023 AED '000
Demand and call deposits	**96,092**	47,289
Loan to banks	**837,290**	668,120
	933,382	715,409
ECL allowance	**(3,020)**	(8,401)
	930,362	707,008

Loan to banks carry interest rate of 3.8% to 7.8% per annum (2023: 5.0% to 9.1% per annum) maturing between 2025 to 2027 (2023: 2024 to 2026).

The geographical analysis of deposits and balances due to banks is as follows:

	2024 AED '000	2023 AED '000
Other G.C.C. Countries	**133,528**	113,580
Rest of the World	**799,854**	601,829
	933,382	715,409
ECL allowance	**(3,020)**	(8,401)
	930,362	707,008

8. Loans, advances and Islamic financing

	2024 AED '000	2023 AED '000
Mortgage loans	572,072	626,772
Credit cards	46,192	45,914
Other	385,902	425,587
	1,004,166	1,098,273
ECL allowance	(25,888)	(30,035)
Net retail lending	**978,278**	**1,068,238**
Loans	8,341,542	8,596,653
Overdrafts	1,603,448	1,965,246
Trust receipts	451,624	412,388
Bills discounted	337,424	249,767
	10,734,038	11,224,054
ECL allowance	(753,040)	(711,467)
Net wholesale lending	**9,980,998**	**10,512,587**
Murabaha	2,604,289	804,302
Ijarah	265,177	270,769
Others	6,269	6,269
	2,875,735	1,081,340
Deferred income	(63,432)	(8,789)
	2,812,303	1,072,551
ECL allowance	(188,667)	(44,937)
Net Islamic financing	**2,623,635**	**1,027,614**
Net loans, advances and Islamic financing	**13,582,911**	**12,608,439**

9. Investment in associates

Details of the Group's associates at the end of the reporting year are as follows:

	2024 AED '000	2023 AED '000
Investment in Tekle Holographics MENA Holding Ltd.	**9,610**	-
Investment in Arzaq Holdings (Private J.S.C.)	**-**	-
	9,610	-
Balance at 1 January	**-**	-
Acquisition during the year	**10,000**	-
Share of loss	**(390)**	-
Balance at 31 December	**9,610**	-

These investments are accounted for using the equity method in these consolidated financial statements (note 3). In 2021, the Group stopped recognising its share of losses in Arzaq Holdings because it has no further obligations arising from incurring these losses. In 2024, the Group's proportionate share in the losses of Arzaq Holdings amounting to AED Nil (2023: AED nil). Summarised financial information in respect of each of the Group's material associates is set out below

	Tekle Holographics MENA Holding Ltd		Arzaq Holdings (Private J.S.C.)	
	2024 AED '000	2023 AED '000	2024 AED '000	2023 AED '000
Total assets	**8,440**	-	**337**	337
Total liabilities	**-**	-	**18,608**	18,608
(Loss)/profit for the year	**(1,560)**	-	**-**	187

10. Receivables and other assets

	2024 AED '000	2023 AED '000
Customer acceptances	**427,063**	379,897
Interest and profit receivable	**38,810**	38,544
Prepayments	**13,668**	15,844
Due form real estate developer and others	**636,289**	49,017
Sundry debtors and other receivables	**182,311**	196,464
	1,298,141	679,766
ECL allowance	**(4,104)**	(5,122)
	1,294,037	674,644

Due form real estate developer and others carry interest rate of nil to 3.5% per annum (2023; Nil per annum) maturing between 2025 to 2029 (2023: Nil).

11. Property inventory and others

The movements in property inventory and others during the year were as follows:

	2024 AED '000	2023 AED '000
Balance at 1 January	**458,670**	500,660
Additions and repossessed during the year	**410,786**	8,166
Disposals during the year	**(654,741)**	(73,433)
Net realisable value adjustment during the year (note32)	**(954)**	23,277
Balance at 31 December	**213,761**	458,670

All of the Group's property inventories and others are freehold properties located in the U.A.E and the MENA region.

The net realisable value of the Group's property inventory and others as at 31 December 2024 and 2023 has been arrived at on the basis of a valuation carried out on the respective dates by independent valuers not related to the Group. Independent valuers have appropriate qualifications and recent experience in the valuation of properties and others in the relevant locations. The net realisable value was determined based on either the market comparable approach that reflects recent transaction prices for similar properties or on a present value calculation of the estimated future cash flows supported by existing lease and current market rents for similar properties at the same location. The net realisable value adjustments have been included in profit or loss in the 'Net reversal of impairment on non-financial assets' line item.

12. Investment securities measured at fair value

The Group has designated the following investments in equity instruments and investment fund as these are investments that the Group plans to hold in the long term for strategic reasons. The Group has also assigned investment in equity stake in MURJAN and other investments as FVTPL (see note 5.1.5 of MURJAN). The table below shows fair value of these investments.

	2024 AED '000	2023 AED '000
Investment at FVTOCI		
Investment in quoted shares	**32,431**	29,656
Investment in unquoted shares	**14,486**	15,562
Investment in unquoted investment fund	**1,408**	1,408
	48,325	46,626
Investment at FVTPL		
Investment in unquoted shares and others	**259,463**	253,695
	307,788	300,321

12. Investment securities measured at fair value (continued)

An analysis of concentration of investment securities measured at fair value by sector and by region is as follows:

	Within the UAE		Outside the UAE	
	2024 AED '000	2023 AED '000	2024 AED '000	2023 AED '000
Financial institutions	**24,730**	23,925	**14,485**	15,562
Government entities	**8,426**	6,515	**-**	-
Real estate	**255,791**	253,695	**-**	-
Other	**4,357**	624	**-**	-
	293,304	284,759	**14,485**	15,562

13. Investment securities measured at amortised cost

	2024 AED '000	2023 AED '000
Investment in debt instruments	**1,436,862**	1,530,660
Investment in Islamic Sukuk	**820,953**	866,073
Monetary bills	**580,448**	295,712
	2,838,263	2,692,445
ECL allowance	**(13,702)**	(15,444)
	2,824,561	2,677,001

The Group holds these investment securities with an average yield of 2.7% to 8.6% per annum (2023: 2.7% to 8.6 % per annum). Monetary bills carry interest rate ranging between 4.2 % and 5.5 %per annum (2023: 5.2% and 5.5 % per annum). At 31 December 2024, certain financial assets measured at amortised cost with an aggregate carrying value of AED 420.7 million (fair value of AED 423.6 million) (2023: carrying value of AED 749.0 million, fair value of AED741.0 million) which were collateralised as at that date against repurchase agreements with banks ("Repo") of AED 384.1 million (2023: AED 631.5 million).

14. Investment properties

	2024 AED '000	2023 AED '000
Cost:		
Balance at 1 January	**56,358**	43,549
Transfer from property and equipment (note 16)	**-**	13,323
Disposals during the year	**(43,034)**	(514)
Balance at 31 December	**13,324**	56,358
Accumulated depreciation and accumulated impairment:		
Balance at 1 January	**17,261**	17,527
Transfer from property and equipment (note 16)	**-**	5,117
Disposals during the year	**(11,251)**	-
Depreciation charge for the year (note 30)	**710**	1,187
Net impairment reversals during the year (note 32)	**(806)**	(6,570)
Balance at 31 December	**5,914**	17,261
Carrying value:		
Balance at 31 December	**7,410**	39,097

All of the Group's investment properties are freehold properties located in the U.A.E. These properties are classified as Level 3 in the fair value hierarchy, with a fair value as of 31 December 2024 amounting to AED 10.6 million (2023: AED 39,097 million). The Group's investment properties were valued as at 31 December 2024 by independent external professionally qualified valuers who hold recognized relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued.

14. Investment properties (continued)

The valuations were determined based on a market value comparison / present value calculation of the estimated future cash flows supported by existing lease and current market rents for similar properties at the same locations. The interest rate, which is used to discount the future cash flows, reflects current market assessments of the uncertainty and timing of the cash flows. A 5% decrease in the recoverable amount would result in an impairment charge of AED 0.5 million (2023: AED 1.9 million).

During the year the Group recognised rental income of AED 0.2 million (2022: AED 0.4 million) from investment properties which is included in other operating income. The Group also incurred AED 0.44 million (2023: AED 0.30 million) operating expenses from investment property that generated rental income during the year.

15. Intangible assets

	IT Systems AED '000	Capital work in progress AED '000	Total AED '000
Cost:			
Balance at 1 January 2023	127,446	-	127,446
Additions during the year	892	-	892
Transfers from Capital work in progress (note 16)	7,878	-	7,878
Balance at 31 December 2023	136,216	-	136,216
Additions during the year	1,018	13,601	14,619
Transfers from Capital work in progress (note 16)	2,012	-	2,012
Balance at 31 December 2024	**139,246**	**13,601**	**152,847**
Accumulated amortisation			
Balance at 1 January 2023	98,845	-	98,845
Depreciation for the year (note 30)	10,201	-	10,201
Balance at 31 December 2023	109,046	-	109,046
Depreciation for the year (note 30)	9,546	-	9,546
Balance at 31 December 2024	**118,592**	**-**	**118,592**
Carrying value:			
Balance at 31 December 2024	**20,654**	**13,601**	**34,255**
Balance at 31 December 2023	27,170	-	27,170

16. Property and equipment

	Freehold land and buildings AED '000	Property improvements AED '000	Furniture, fixtures, equipment and vehicles AED '000	Right of use assets AED '000	Capital work in progress AED '000	Total AED '000
Cost:						
Balance at 1 January 2023	54,494	26,499	65,886	53,640	14,778	215,297
Additions during the year	114	2,554	4,724	2,182	10,824	20,398
Transfers from Capital work in progress (note 15)	-	8,165	2,389	-	(18,432)	(7,878)
Transfers to investment properties (note 14)	(13,323)	-	-	-	-	(13,323)
Disposals during the year	-	-	-	(14,020)	-	(14,020)
Adjustments	-	-	-	1,023	-	1,023
Balance at 31 December 2023	41,285	37,218	72,999	42,825	7,170	201,497
Additions during the year	-	956	9,990	9,922	14,882	35,750
Transfers from Capital work in progress (note 15)	-	-	-	-	(2,012)	(2,012)
Disposals during the year	-	-	(249)	(10,653)	-	(10,902)
Adjustments	-	-	-	-	(418)	(418)
Balance at 31 December 2024	**41,285**	**38,174**	**82,740**	**42,094**	**19,622**	**223,915**
Accumulated depreciation and accumulated impairment:						
Balance at 1 January 2023	6,068	17,833	55,248	25,466	-	104,615
Depreciation for the year (note 30)	1,931	3,268	6,174	9,515	-	20,888
Transfers to investment properties (note 14)	(5,117)	-	-	-	-	(5,117)
Disposals	-	-	-	(14,020)	-	(14,020)
Adjustments	-	-	-	669	-	669
Balance at 31 December 2023	2,882	21,101	61,422	21,630	-	107,035
Depreciation for the year (note 30)	1,652	4,457	6,212	9,208	-	21,529
Disposals	-	-	(202)	(10,651)	-	(10,853)
Balance at 31 December 2024	**4,534**	**25,558**	**67,432**	**20,187**	**-**	**117,711**
Carrying value:						
Balance at 31 December 2024	**36,751**	**12,616**	**15,308**	**21,907**	**19,622**	**106,204**
Balance at 31 December 2023	38,403	16,117	11,577	21,195	7,170	94,462

17. Deposits and balances due to banks

	2024 AED '000	2023 AED '000
Demand and call deposits	**175,187**	81,524
Term borrowings	**640,742**	1,667,521
Islamic inter bank borrowings	**367,290**	367,280
Repurchase agreements with banks	**384,179**	611,351
Islamic repurchase agreements with banks	**-**	20,159
	1,567,398	2,747,835

The above repurchase agreements with banks are at an average interest rate of 4.9% to 5% per annum (2023: 5.9% to 6% per annum). Collateral provided as security against these Repo borrowings are disclosed in Note 13 to the consolidated financial statements

17. Deposits and balances due to banks (continued)

The geographical analysis of deposits and balances due to banks is as follows:

	2024 AED '000	2023 AED '000
Within the UAE	**577,449**	1,176,570
Outside the UAE	**989,949**	1,571,265
	1,567,398	2,747,835

18. Customer accounts and other deposits

	2024 AED '000	2023 AED '000
Current accounts	**2,483,321**	1,956,682
Saving accounts	**370,682**	429,022
Time deposits	**12,348,588**	10,061,300
Other	**227,556**	160,727
	15,430,147	12,607,731

The geographical analysis of customers' deposits is as follows:

	2024 AED '000	2023 AED '000
Within the UAE	**14,976,269**	12,415,778
Outside the UAE	**453,878**	191,953
	15,430,147	12,607,731

Included in the above are Islamic accounts and deposits totalling to AED 3,317.6 million (2023: 1,353.9 million).

19. Payables and other liabilities

	2024 AED '000	2023 AED '000
Customer acceptances	**427,063**	379,897
Interest and profit payable	**184,114**	113,016
Provision employees' end of service benefits (note 19.1)	**52,049**	47,706
ECL allowance on unfunded exposure	**14,891**	37,180
Income tax payable (note 19.2)	**20,796**	-
Accounts payable, sundry creditors and other liabilities	**146,136**	157,608
	845,049	735,407

19.1 Retirement benefit plans

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 5.4 million (2023: AED 4.7 million). As at the reporting date, pension payable of AED 0.7 million (2023: AED 0.6 million) has been classified under other liabilities.

19.1 Retirement benefit plans (continued)

Defined benefit plan

The Group provides for end of service benefits for its eligible employees. An actuarial valuation has been carried out as at 31 December 2024 and 2023 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 principal assumptions used for the purposes of the actuarial valuations were as follows:

	2024	**2023**
Discount rate	**5.08%**	5.93%
Expected rate of salary increase	**3.00%**	3.00%

Movements in the present value of defined benefit obligations in the year were as follows:

	2024 AED ’000	**2023 AED ’000**
Balance at 1 January	**47,706**	43,670
Service cost	**5,103**	7,671
Interest expense	**1,985**	1,783
Remeasurement (gain)	**-**	(2,781)
Benefits paid during the year	**(2,745)**	(2,637)
Balance at 31 December	**52,049**	47,706

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected rate of salary increase and turnover rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate increases by 50-basis points, the defined benefit obligation would decrease by 4.2% (2023: 4.2%), whereas a decrease in the discount rate by 50 basis points would result in a 4.5% increase in the obligation (2023: 4.5%).
Similarly, a 50-basis point increase in the expected rate of salary growth would lead to a 4.4% rise in the defined benefit obligation (2023: 4.5%), while a 50-basis point reduction in the expected salary growth rate would cause a 4.2% decrease in the obligation (2023: 4.2%)

19.2 Income tax

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance (“MoF”) released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law (“CT Law”) to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 June 2023. As the Group’s accounting year ends on 31 December, the first tax periods from 1 January 2024 to 31 December 2024, with the respective tax return to be filed on or before 30 September 2025. The taxable income of the entities that are in scope for UAE CT purposes is subject to the rate of 9% corporate tax.

The tax charge for year ended 31 December 2024 is AED 20.8 million (2023: Nil), representing an Effective Tax Rate (“ETR”) of 9.3%. (2023: Nil)

20. Share capital

The authorised, issued, and paid-up capital of the Bank comprises 1,737,383,050 shares of AED 1 each (2023: 1,737,383,050 shares of AED 1 each). Fully paid-up shares carry one vote per share and carry a right to dividends.

21. Tier 1 Capital Securities

On 23 December 2015, the Bank issued Tier 1 Capital Securities (the "Capital Securities") through an SPV, CBI Tier 1 Private Ltd, (the "Issuer") amounting to USD 125 million (AED 459.1 million). These Capital Securities are perpetual and carry an interest rate of 5.993% per annum revised from the earlier rate of 6.5% per annum (calculated based on the relevant six- Years Mid Swap Rate plus 4.71% per annum) during the "initial period". After the initial period, at every reset date, interest would be calculated for the next reset period at the relevant six-Year Mid Swap Rate plus a margin of 4.71% per annum.

Interest is payable semi-annually in arrears on these Capital Securities. The "Initial Period" is the period (from and including) the Issue Date to (but excluding) the First Call Date. The "Reset Date" is the First Call Date and every sixth anniversary thereafter. These Capital Securities are callable by the Bank on 23 June 2025 and every interest payment date thereafter, subject to satisfying certain conditions (including the conditions of the agreement).

Tier 1 Capital Securities are perpetual, subordinated and unsecured. The Bank may elect not to pay a coupon at its own discretion, amongst other conditions. The holder of the Capital Securities 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.

22. Reserves

22.1 Statutory reserve

In accordance with UAE Federal Law no. 32 of 2021 on commercial companies and the Bank's Articles of Association, a transfer equivalent to at least 10% of the annual net profit is made annually to the statutory reserve until such reserve equals 50% of the paid-up share capital.

22.2 Investments revaluation reserve

The investments revaluation reserve represents accumulated gains and losses arising on the revaluation of financial assets carried at fair value through other comprehensive income.

22.3 CBUAE provision reserve

CBUAE provision reserve comprise of following.

	2024 AED '000	2023 AED '000
Specific provision reserve	-	271,899

In accordance with the requirements of CBUAE the excess of the credit impairment provisions calculated in accordance with CBUAE requirements over the ECL allowance for stage 3 exposures calculated under IFRS 9 was transferred to 'specific provision reserve' as an appropriation from retained earnings. This reserve was not available for payment of dividends. However, during this year, the CBUAE ceased the specific provision reserve requirements, leading to the release of all previously booked provisions back to retained earnings in the amount of AED 271.9 million in line with New Credit Risk Management Standards.

22. Reserves (continued)

22.3 CBUAE provision reserve (continued)

The movement in these reserves is as follows:

	Statutory reserve AED '000	General reserve AED '000	Investment revaluation reserve AED '000	CBUAE specific provision reserve AED '000	Total AED '000
2024					
As at 1 January	**317,313**	**-**	**(63,921)**	**271,899**	**525,291**
Other comprehensive income	**-**	**-**	**2,634**	**-**	**2,634**
Transfer from/(to) retained earning	**20,217**	**-**	**12,929**	**(271,899)**	**(238,753)**
As at 31 December	**337,530**	**-**	**(48,358)**	**-**	**289,172**
2023					
As at 1 January	300,249	31,471	(64,805)	284,203	551,118
Other comprehensive income		-	884	-	884
Transfer from/(to) retained earning	17,064	(31,471)	-	(12,304)	(26,711)
As at 31 December	317,313	-	(63,921)	271,899	525,291

23. Non-controlling interests

Non-controlling interests in respect of the Group's non-wholly owned subsidiary is set out below.

	% of ownership and voting rights		Profit allocated. to non-controlling interests for the year		Non-controlling Interests as at 31 December	
	2024	2023	2024 AED '000	2023 AED '000	2024 AED '000	2023 AED '000
AKPI	**52.8%**	52.8%	**676**	16,720	**120,733**	120,057
			676	16,720	**120,733**	120,057

23. Non-controlling interests (continued)

Summarised financial information in respect of AKPI that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2024 AED '000	2023 AED '000
Current assets	**255,791**	253,695
Non-current assets	**-**	-
Total assets	**255,791**	253,695
Current and non-current liabilities		-
Equity attributable to the owners of AKPI	**255,791**	253,695
Total liabilities and equity	**255,791**	253,695
Net income from financial assets at FVTPL	**2,096**	35,424
Profit for the year	**2,096**	35,424
Total comprehensive income for the year	**2,096**	35,424
Total comprehensive income for the year attributable to:		
Owners of AKPI	**1,420**	18,704
Non-controlling interests	**676**	16,720
	2,096	35,424

24. Interest income

	2024 AED '000	2023 AED '000
Loans and overdrafts	**738,649**	738,979
Bills discounted	**15,208**	14,149
Loans to banks	**57,782**	43,199
Debt instruments	**119,149**	100,397
Placements with banks	**47,676**	55,504
	978,464	952,228

25. Income from Islamic financing and investing assets

	2024 AED '000	2023 AED '000
Murabaha	**46,037**	11,671
Ijarah	**23,945**	40,621
Islamic sukuk	**34,521**	31,077
	104,503	83,369

26. Interest expense

	2024 AED '000	2023 AED '000
Customers' deposits	**508,237**	436,680
Borrowings from banks	**103,000**	129,141
Others	**2,637**	2,479
	613,874	568,300

27. Distribution to Islamic depositors

	2024 AED '000	2023 AED '000
Islamic customers' deposits	**97,783**	50,134
Islamic investment deposits from banks	**27,313**	61,920
	125,096	112,054

28. Net fee and commission income

	2024 AED '000	2023 AED '000
Fee and commission income:		
Commission on trade finance products	**59,622**	51,521
Advisory fee	**38,416**	20,335
Facility processing fee	**29,513**	26,875
Clearing and settlement fee	**10,791**	9,507
Credit card related fee	**8,926**	7,926
Banking and account service fee and commission	**7,476**	8,135
Other	**4,988**	6,755
	159,732	131,054
Fee and commission expense:		
Credit card related expenses	**(16,075)**	(13,237)
Other	**(5,327)**	(5,277)
	(21,402)	(18,514)
	138,330	112,540

29. Other operating income, net

	2024 AED '000	2023 AED '000
Foreign exchange gains	**7,370**	28,595
Net income from financial assets at FVTPL	**20,332**	32,042
Gain on sale of non-financial assets	**190,195**	7,870
Other	**3,398**	7,257
	221,295	75,764

30. General and administrative expenses

	2024 AED '000	2023 AED '000
Payroll and related expenses	**254,230**	237,351
Depreciation and amortisation	**31,785**	32,276
Legal and consultation fees	**17,088**	13,157
Maintenance costs	**28,824**	26,127
Other	**45,737**	40,181
	377,664	349,092

There were no social contributions for the years ended 31 December 2024 and 2023

31. Net impairment reversal charge on financial assets

	2024 AED '000	2023 AED '000
ECL charge for the year net of reversals	**(140,448)**	(80,861)
Net recoveries against written off loans	**37,679**	27,200
	(102,769)	(53,661)

32. Net impairment (charge)/ release on non-financial assets

	2024 AED '000	2023 AED '000
Impairment (charge) /reversal on property inventory (note 11)	**(954)**	23,277
Impairment reversal on investment properties (note 14)	**806**	6,570
	(148)	29,847

33. Income tax expense

The charge for the year is calculated based upon the adjusted net profit for the year at rates of tax applicable. The charge to the consolidated income statement for the year is as follows:

	2024 AED '000	2023 AED '000
Charge for the year	**20,796**	-

Reconciliation of Group's tax on profit based on accounting and profit as per the tax laws is as follows:

	2024 AED '000	2023 AED '000
Profit before taxation	**222,651**	-
Effect of tax rates	**20,039**	-
- Income not subject to tax	**(66)**	-
- Expenses not deductible for tax purposes	**823**	-
Total income tax expense	**20,796**	-

34. Contingent liabilities and commitments

To meet the financial needs of customers, the Group enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letters of credit and other undrawn commitments to provide a loan. Even though these obligations may not be recognised on the consolidated statement of financial position, they do contain credit risk and are therefore part of the overall risk of the Group.

34.1 Letters of credit and guarantees

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. The contractual amounts of contingent liabilities are set out in the following table by category. The amounts reflected in the table represent the maximum accounting loss that would be recognised at the end of reporting period if counterparties failed to perform as contracted.

	2024 AED '000	2023 AED '000
Guarantees	**3,191,527**	2,667,400
Letters of credit	**419,363**	349,608
	3,610,890	3,017,008

34.2 Other commitments

At any time, the Group has outstanding irrevocable commitments to provide a loan. These commitments are in the form of approved loan facilities. For the loan commitments reflected in the table below, it is assumed that the amounts are fully advanced

	2024 AED '000	2023 AED '000
Loan commitments	**2,008,741**	2,380,501
Capital commitments	**42,441**	1,548
	2,051,182	2,382,049

35. Basic and diluted earnings per share

Earnings per share are calculated by dividing the profit for the year attributed to the owners of the Bank less interest paid on Tier 1 Capital Securities by the weighted average number of shares in issue throughout the period as follows:

	2024 AED '000	2023 AED '000
Profit for the period attributable to owners of the Bank	**201,179**	153,921
Deduct: Interest on Tier 1 capital securities	**(27,520)**	-
Net profit attributable to equity holders	**173,659**	153,921
Weighted average number of shares in issue	**1,737,383**	1,737,383
Earnings per share* (AED)	**0.10**	0.09

*The diluted and basic earnings per share were the same for the year ended 31 December 2024 amd 2023 .

36. Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following balances:

	2024 AED '000	2023 AED '000
Cash and balances with the Central Bank (note 6)	**1,573,434**	1,384,318
Deposits and balances due from banks (note 7)	**933,382**	715,409
Financial assets measured at amortized cost (note 13)	**580,448**	295,712
	3,087,264	2,395,439
Less: Statutory reserve with the Central Bank of the UAE	**(510,142)**	(325,654)
Less: Balances due from banks with original maturity of 90 days or more	**(837,290)**	(668,120)
Less: Financial assets measured at amortized cost with original maturity of 90 days or more	**(175,000)**	(295,712)
	1,564,832	1,105,953

37. Classification of financial assets and financial liabilities

37.1 Non-derivative and derivative financial assets and financial liabilities

	At fair value		At amortised cost		Total	
	2024 AED '000	2023 AED '000	2024 AED '000	2023 AED '000	2024 AED '000	2023 AED '000
Non-derivative financial assets						
Cash and balances with the Central Bank	-	-	1,573,434	1,384,318	1,573,434	1,384,318
Deposits and balances due from banks	-	-	933,382	715,409	933,380	715,409
Loans, advances and Islamic financing	-	-	14,550,507	13,394,878	14,550,507	13,394,878
Receivables and other assets	-	-	1,278,775	660,408	1,278,775	660,408
Investment securities at fair value	307,788	300,321	-	-	307,788	300,321
Investment securities measured at amortised cost	-	-	2,838,263	2,692,445	2,838,263	2,692,445
	307,788	300,321	21,174,359	18,847,458	21,482,147	19,147,779
Derivative financial assets - FVTPL	10,324	2,633	-	-	10,324	2,633
	318,112	302,954	21,174,359	18,847,458	21,492,471	19,150,412
Non-derivative financial liabilities						
Balance due to the Central Bank	-	-	-	1,783	-	1,783
Deposits and balances due to banks	-	-	1,567,398	2,747,835	1,567,398	2,747,835
Customer accounts and other deposits	-	-	15,430,147	12,607,731	15,430,147	12,607,731
Payables and other liabilities	-	-	779,964	643,754	779,964	643,754
	-	-	17,777,509	16,001,103	17,777,509	16,001,103
Derivative financial liabilities - FVTPL	2,155	8,068		-	2,155	8,068
	2,155	8,068	17,777,509	16,001,103	17,779,664	16,009,171

38. Financial risk management

The Group has exposure to the following primary risks from its use of financial instruments. The exposures to these risks and how they arise has remained unchanged from last year.

- Credit risk
- Liquidity risk
- Interest rate risk
- Market risk
- Operational risk

The following section discusses the Group's risk management policies which remain unchanged from last year.

38.1 Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances to customers, Islamic financing and investing assets and other banks (including related commitments to lend such as loan or credit card facilities), investments in debt securities and derivatives that are an asset position. The Group considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes.

38.1.1 Management of credit risk

The Group's Credit and Risk Committee are responsible for managing the Group's credit risk by:

- Ensuring that the Group has appropriate credit risk practices, which is based on an approved risk appetite framework, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Group's stated policies and procedures, IFRS and relevant supervisory guidance.
- Identifying, assessing and measuring credit risk across the Group, from an individual instrument to a portfolio level.
- Creating credit policies to protect the Group against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits.
- Limiting concentrations of exposure by type of asset, counterparties, industry, credit rating, geographic location etc.
- Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities.
- Developing and maintaining the Group's risk grading to categorise exposures according to the degree of risk of default. Risk grades are subject to regular reviews.
- Developing and maintaining the Group's processes for measuring ECL including monitoring of credit risk, incorporation of forward looking information and the method used to measure ECL.
- Ensuring that the Group has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.
- Establishing a sound credit risk accounting assessment and measurement process that provides it with a strong basis for common systems, tools and data to assess credit risk and to account for ECL. Providing advice, guidance and specialist skills to business units to promote best practice throughout the Group in the management of credit risk.

  The internal audit function performs regular audits making sure that the established controls and procedures are adequately designed and implemented.

38. Financial risk management (continued)

38.1 Credit risk (continued)

38.1.2 Significant increase in credit risk

As explained in note 3 the Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

Internal credit risk ratings

The Group's credit risk grading framework comprises twenty-two categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

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

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

- Payment record, including payment ratios and ageing analysis;
- Extent of utilisation of granted limit;
- Forbearances (both requested and granted);
- Changes in business, financial and economic conditions;
- Credit rating information supplied by external rating agencies;
- For retail exposures: internally generated data of customer behaviour, affordability metrics etc.; and
- For wholesale exposures: information obtained by periodic review of customer files including review of audited financial statements, analysis of market data such as prices of credit default swaps (CDS) or quoted bonds where available, assessment for changes in the sector in which the customer operates etc.

The Group uses credit risk grades as a primary input into the determination of the term structure of the PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. The information used is both internal and external depending on the portfolio assessed. The table below provides a mapping of the Group's internal credit risk grades to external ratings.

38. Financial risk management (continued)

38.1 Credit risk (continued)

38.1.2 Significant increase in credit risk (continued)

Risk grade	Description	Moody's rating
1	Low to fair risk	Aaa
2+	Low to fair risk	Aa1
2	Low to fair risk	Aa2
2-	Low to fair risk	Aa3
3+	Low to fair risk	A1
3	Low to fair risk	A2
3-	Low to fair risk	A3
4+	Low to fair risk	Baa1
4	Low to fair risk	Baa2
4-	Standard monitoring	Baa3
5+	Standard monitoring	Ba1
5	Standard monitoring	Ba2
5-	Standard monitoring	Ba3
6+	Watch and special monitoring	B1
6	Watch and special monitoring	B2
6-	Watch and special monitoring	B3
7+	Watch and special monitoring	Caa1
7	Watch and special monitoring	Caa2
7-	Watch and special monitoring	Caa3
8	Default: Substandard	Ca - C
9	Default: Doubtful	Ca - C
10	Default: Impaired	Ca - C

The Group uses different criteria to determine whether credit risk has increased significantly per portfolio of assets. The criteria used are both quantitative changes in PDs as well as qualitative. The table below summarises certain indicative qualitative indicators assessed.

	Qualitative indicators assessed
Retail lending	Changes in performance behaviour of borrower or portfolio (past due days), LTV ratio (for mortgage loans), extension to the terms granted, actual or expected forbearance or restructuring, blacklisted employers or loss of job, adverse change in economic conditions, uncollateralised bullet payment loans.
Wholesale lending	Significant change in operating results of a borrower, significant adverse change in regulatory, economic or technological environment, actual or expected forbearance or restructuring, early signs of cash flows and liquidity problems, past due days, internal ratings downgrade, significant increase in exposure at default due to change in collateral value, uncollateralised bullet payment loans.
Due from banks	Significant increase in credit spread, external credit ratings
Debt instruments	Significant increase in credit spread, external credit ratings
Financial guarantee contract	Increase in credit risk of other financial instruments of the borrower

38. Financial risk management (continued)

38.1 Credit risk (continued)

38.1.2 Significant increase in credit risk (continued)

Loan commitments are assessed along with the category of loan the Group is committed to provide, i.e. commitments to provide mortgages are assessed using similar criteria to mortgage loans, while commitments to provide a wholesale loan are assessed using similar criteria to wholesale loans.

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

The Group has monitoring procedures in place to make sure that the criteria used to identify significant increases in credit risk are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted or when the asset becomes 30 days past due. The Group performs periodic back-testing of its ratings to consider whether the drivers of credit risk that led to default were accurately reflected in the rating in a timely manner.

38.1.3 Incorporation of forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The expected credit losses have been determined using three forward-looking scenarios – Upside, Baseline and Downside. The ECL is calculated for each scenario and weighted by the likelihood of that scenario occurring.

Based on the historical data on key macroeconomic indicators which are sourced from Moody's Data Buffet, the Group formulates a 'base case' view of the future direction of the economic outlook that drives the default rates of each portfolio of financial instruments. The baseline scenario represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting and other business activities. The adverse scenario represents more pessimistic outcomes, while upside scenario represents a scenario where the economy will outperform the baseline.

The Group redeveloped macroeconomic models to incorporate the recent data and portfolio changes. Using robust macroeconomic modelling methodology, the Group identified and documented the key macroeconomic factors that drives the change in default rates of each portfolio of financial instruments. Following key macroeconomic data and forecasts provided by Moody's Data Buffet have been utilized by the Group to incorporate forward-looking information into the PD term structure of each of the scenario:

- General government debt to GDP ratio, (%, NSA)
- House Price Index: Real, (Index 2010=100, NSA)
- Energy: Production - Crude oil including lease condensate, (Mil. Bbl per day, NSA)
- National accounts: Gross domestic product [GDP] - Real - Abu Dhabi, (Mil. 2017 USD, SAAR)
- Residential property prices - Abu Dhabi : All dwellings, (Index 2010=100, NSA)
- Unit labor cost, (Index 2010=100, SA)
- Share Price Index: ADX General Index, (Index, NSA)
- General Government Finance: Revenue, (Bil. AED, SAAR)
- National accounts: Gross domestic product [GDP] - Real - Dubai, (Mil. 2017 USD, NSAAR)
- Residential property prices - Dubai: All dwellings, (AED per m^2, NSA)

38. Financial risk management (continued)

38.1 Credit risk (continued)

38.1.3 Incorporation of forward-looking information (continued)

The table below summarises the principal macroeconomic indicators included in the economic scenarios used at 31 December 2024 for the years 2025 to 2027, for the UAE, which is the country where the Group operates and therefore is the country that has a material impact on ECL.

December 2024

	2025	2026	2027
General government debt to GDP ratio, (%, NSA)			
• Upside scenario	21.7	23.0	25.1
• Baseline scenario	27.2	27.8	29.1
• Downside scenario	38.3	40.8	39.3
House Price Index: Real, (Index 2010=100, NSA)			
• Upside scenario	142.5	150.2	158.8
• Baseline scenario	137.0	143.3	151.6
• Downside scenario	111.8	111.9	119.9
Energy: Production - Crude oil including lease condensate, (Mil. Bbl per day, NSA)			
• Upside scenario	3.5	3.7	3.9
• Baseline scenario	3.5	3.7	3.9
• Downside scenario	3.4	3.6	3.8
National accounts: Gross domestic product [GDP] - Real - Abu Dhabi, (Mil. 2017 USD, SAAR)			
• Upside scenario	248,983.6	255,265.7	263,631.5
• Baseline scenario	241,930.4	247,532.5	255,504.7
• Downside scenario	225,348.6	229,435.2	240,651.1
Residential property prices - Abu Dhabi: All dwellings, (Index 2010=100, NSA)			
• Upside scenario	106.9	112.1	117.9
• Baseline scenario	102.0	106.3	112.2
• Downside scenario	80.4	80.9	87.4
Unit labor cost, (Index 2010=100, SA)			
• Upside scenario	137.8	140.8	140.4
• Baseline scenario	134.2	135.7	136.4
• Downside scenario	135.9	136.2	134.1
Share Price Index: ADX General Index, (Index, NSA)			
• Upside scenario	9,871.3	9,911.0	10,274.2
• Baseline scenario	9,192.7	9,405.5	9,810.2
• Downside scenario	5,995.0	7,299.8	7,950.3
General Government Finance: Revenue, (Bil. AED, SAAR)			
• Upside scenario	605.0	533.2	512.1
• Baseline scenario	513.2	506.9	488.5
• Downside scenario	367.0	418.6	427.3

38. Financial risk management (continued)

38.1 Credit risk (continued)

38.1.3 Incorporation of forward-looking information (continued)

December 2024

	2025	2026	2027
National accounts: Gross domestic product [GDP] - Real - Dubai, (Mil. 2017 USD, NSAAR)			
• Upside scenario	136,618.4	142,703.8	148,794.8
• Baseline scenario	132,748.2	138,380.7	144,208.0
• Downside scenario	123,649.7	128,263.5	135,824.6
Residential property prices - Dubai: All dwellings, (AED per m², NSA)			
• Upside scenario	21,006.3	23,363.8	26,077.7
• Baseline scenario	20,050.1	22,164.8	24,812.2
• Downside scenario	15,804.6	16,863.8	19,330.8

The table below summarises the principal macroeconomic indicators included in the economic scenarios used at 31 December 2023 for the years 2024 to 2026, for the UAE, which is the country where the Group operates and therefore is the country that has a material impact on ECL.

December 2023

	2024	2025	2026
Compensation of Employees - Real, (Bil. 2010 AED)			
• Upside scenario	489.9	517.7	532.2
• Baseline scenario	464.8	483.9	501.4
• Downside scenario	440.4	453.7	465.9
Cyclical indicators: Augmented economic composite indicator - Non-oil, (% Y/Y)			
• Upside scenario	5.3	4.4	3.3
• Baseline scenario	3.7	3.7	3.1
• Downside scenario	(0.5)	2.3	3.6
Residential property prices (Abu Dhabi: All dwellings, (AED per m²)			
• Upside scenario	12,611.1	13,050.7	13,081.3
• Baseline scenario	12,071.2	12,474.0	12,579.3
• Downside scenario	10,621.0	11,001.4	11,302.9
General government debt to GDP ratio, (%)			
• Upside scenario	19.5	21.9	25.5
• Baseline scenario	23.6	26.6	30.1
• Downside scenario	35.2	42.9	43.7
House Price Index: Real, (Index 2010=100)			
• Upside scenario	128.8	143.5	153.7
• Baseline scenario	123.4	136.5	146.8
• Downside scenario	111.9	123.5	134.1
Unit labor cost, (Index 2010=100)			
• Upside scenario	118.3	120.7	121.7
• Baseline scenario	115.3	116.3	118.2
• Downside scenario	114.1	114.8	114.8

38. Financial risk management (continued)

38.1 Credit risk (continued)

38.1.3 Incorporation of forward-looking information (continued)

December 2023	2024	2025	2026
Labor Force Survey: Unemployment Rate, (%)			
• Upside scenario	1.7	2.1	2.3
• Baseline scenario	2.4	2.3	2.3
• Downside scenario	3.0	2.7	2.5
National Accounts: Real Domestic Demand, (Bil. 2010 AED)			
• Upside scenario	1,546.3	1,613.0	1,654.7
• Baseline scenario	1,489.2	1,546.0	1,586.2
• Downside scenario	1,352.1	1,412.0	1,477.9
Residential property prices (Dubai): All dwellings, (AED per m²)			
• Upside scenario	16,570.1	16,962.9	16,896.9
• Baseline scenario	15,860.6	16,213.3	16,248.5
• Downside scenario	13,955.1	14,299.3	14,599.8

There has been no significant sensitivity impact on ECL if the macroeconomic variables (defined above) were to change by the base case, upside and downside scenarios.

Following risk parameters have been used by the Bank to measure the ECL:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

As explained above these parameters are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

PD is the predicted probability that a pool of obligors will default over the predefined future time horizon. For each portfolio of financial instruments, PDs are estimated using robust statistical models – rating models for wholesale facilities and roll rate models for retail facilities. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Macroeconomic adjustment of the PD has been carried out as described above to reflect forward-looking information

LGD is an estimate of the loss arising on default. The Group estimates the LGD based on the difference between contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. The LGD models for secured assets consider forecasts of future collateral valuation taking into account sale discounts, time to realisation of collateral, cross collateralisation and seniority of claim, cost of realisation of collateral and cure rates (i.e. exit from non-performing status).

LGD models for unsecured assets consider time of recovery, recovery rates and seniority of claims. The calculation is on a discounted cash flow basis, where the cash flows are discounted using the original EIR of the loan.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

38. Financial risk management (continued)

38.1 Credit risk (continued)

38.1.4 Measurement of ECL (continued)

The Group's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, changes in utilisation of undrawn commitments and credit mitigation actions taken before default. The Group uses EAD models that reflect the characteristics of the portfolios.

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

For such financial instruments the Group measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. These financial instruments do not have a fixed term or repayment structure and have a short contractual cancellation period. However, the Group does not enforce, in the normal day-to-day management, the contractual right to cancel these financial instruments.

This is because these financial instruments are managed on a collective basis and are cancelled only when the Group becomes aware of an significant increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Group expects to take to mitigate ECL, e.g. reduction in limits or cancellation of the loan commitment.

38.1.5 Groupings based on shared risks characteristics

When ECL are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics such as instrument type, credit risk grade, utilisation band and collateral type. The groupings are reviewed on a regular basis to ensure that each group is comprised of homogenous exposures.

38.1.6 Credit quality

Credit risk concentrations

An analysis of the Group's credit risk concentrations per class of financial asset, subject to impairment, is provided in the following tables. 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.

38.1 Credit risk (continued)

38.1.6 Credit quality (continued)

Concentration by sector	**2024 AED '000**	**2023 AED '000**
Balances with Central Bank		
Central Bank of the UAE	**1,573,434**	1,384,318
Deposits and balances due from banks		
Other banks	**933,382**	715,409
Loans, advances and Islamic financing		
Retail lending		
Mortgages	**572,072**	626,772
Unsecured lending	**432,094**	471,501
	1,004,166	1,098,273
Wholesale lending		
Real estate	**2,514,944**	2,866,291
Construction	**754,173**	705,676
Trade	**1,254,558**	1,627,902
Manufacturing	**1,114,576**	1,156,696
Transport, storage and communication	**245,349**	206,907
Gas, electricity and water	**1,014,539**	1,024,884
Government	**707,807**	844,212
Non-banking financial institutions	**166,753**	391,129
Other	**2,961,339**	2,400,357
	10,734,038	11,224,054
Islamic financing and investing assets		
Wholesale lending		
Real estate	**300,984**	241,068
Construction	**121,813**	71,940
Trade	**47,524**	14,972
Manufacturing	**63,044**	74,310
Non-banking financial institutions	**16,053**	38,235
Other	**2,262,885**	632,026
	2,812,303	1,072,551
	14,550,507	13,394,878
Receivables and other assets		
Construction	**78,150**	93,090
Trade	**108,122**	62,077
Manufacturing	**247,681**	231,741
Real Estate	**636,289**	-
Other	**208,533**	273,500
	1,278,775	660,408
Investment securities measured at amortised cost		
Sovereign governments	**2,201,141**	2,055,860
Financial Institutions and other	**637,122**	636,585
	2,838,263	2,692,445
Loan commitments, letters of credit and financial guarantee contracts		
Retail lending	**171,370**	226,323
Real estate	**136,121**	274,838
Construction	**3,298,485**	3,036,336
Trade	**772,491**	666,845
Manufacturing	**642,570**	542,883
Transport, storage and communication	**15,889**	15,217
Gas, electricity and water	**212**	31,080
Financial institutions and non-banking financial institutions	**176,153**	121,334
Other	**406,341**	482,653
	5,619,632	5,397,509
	26,793,993	24,244,967

38. Financial risk management (continued)

38.1 Credit risk (continued)

38.1.6 Credit quality (continued)

Concentration by region

	2024 AED '000	2023 AED '000
The UAE	**24,009,336**	20,964,082
The GCC	**1,066,284**	1,354,925
Other Arab countries	**292,797**	666,168
Europe	**102,093**	59,849
The USA	**53,917**	223,588
Asia	**1,034,710**	827,508
Other	**234,856**	148,847
	26,793,993	24,244,967

Credit risk exposure per class of financial asset and stage

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

	31-Dec-24			31-Dec-23		
	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Balances with the Central Bank of the UAE						
Stage 1	**1,573,434**	**-**	**1,573,434**	1,384,318	-	1,384,318
Deposits and balances due from banks						
Stage 1	**933,382**	**(3,020)**	**930,362**	715,409	(8,401)	707,008
Loans, advances and Islamic financing						
Stage 1	**10,791,067**	**(52,678)**	**10,738,389**	9,244,655	(46,575)	9,198,080
Stage 2	**1,441,648**	**(231,830)**	**1,209,818**	1,731,739	(201,425)	1,530,314
Stage 3	**2,317,792**	**(683,088)**	**1,634,704**	2,418,484	(538,439)	1,880,045
	14,550,507	**(967,596)**	**13,582,911**	13,394,878	(786,439)	12,608,439
Receivables and other assets (excluding prepayments and advances)						
Stage 1	**1,073,438**	**(3,151)**	**1,070,287**	438,750	(3,324)	435,426
Stage 2	**42,214**	**(953)**	**41,261**	58,784	(1,798)	56,986
Stage 3	**163,123**	**-**	**163,123**	162,874	-	162,874
	1,278,775	**(4,104)**	**1,274,671**	660,408	(5,122)	655,286
Investment securities measured at amortised cost						
Stage 1	**2,838,263**	**(13,702)**	**2,824,561**	2,692,445	(15,444)	2,677,001
Loan commitments, letters of credit and financial guarantee contracts						
Stage 1	**5,262,564**	**(9,243)**	**5,253,321**	4,899,899	(12,317)	4,887,582
Stage 2	**277,052**	**(5,427)**	**271,625**	320,139	(6,642)	313,497
Stage 3	**80,015**	**(221)**	**79,794**	177,471	(18,221)	159,250
	5,619,631	**(14,891)**	**5,604,740**	5,397,509	(37,180)	5,360,329

38 Financial risk management (continued)

38.1 Credit risk (continued)

38.1.6 Credit quality (continued)

The tables below provide an analysis of the movement in the Expected Credit Loss (ECL) allowance and the gross carrying amount during the period for Loans, Advances, and Islamic Financing.

The movement of ECL	**Stage 1 12 months ECL AED '000**	**Stage 2 Lifetime ECL AED '000**	**Stage 3 Lifetime ECL AED '000**	**POCI Lifetime ECL AED '000**	**Total AED '000**
As at 1 January 2024	**46,575**	**201,425**	**538,439**	**-**	**786,439**
Transfer to stage 1	**9,609**	**(9,609)**	**-**	**-**	**-**
Transfer to stage 2	**(358)**	**22,995**	**(22,637)**	**-**	**-**
Transfer to stage 3	**(190)**	**(24,806)**	**24,996**	**-**	**-**
Change in ECL	**(7,469)**	**41,966**	**272,808**	**-**	**307,305**
Write-offs	**-**	**-**	**(34,264)**	**-**	**(34,264)**
New financial assets recognised	**10,309**	**-**	**-**	**-**	**10,309**
Financial assets derecognised	**(5,798)**	**(141)**	**(96,254)**	**-**	**(102,193)**
As at 31 December 2024	**52,678**	**231,830**	**683,088**	**-**	**967,596**
As at 1 January 2023	67,814	155,451	414,032	-	637,297
Transfer to stage 1	2,593	(2,593)	-	-	-
Transfer to stage 2	(13,855)	14,986	(1,131)	-	-
Transfer to stage 3	(117)	(14,892)	15,009	-	-
Change in ECL	(6,251)	48,827	151,400	-	193,976
Write-offs	-	-	(38,395)	-	(38,395)
New financial assets recognised	7,479	1,199	-	-	8,678
Financial assets derecognised	(11,088)	(1,553)	(2,476)	-	(15,117)
As at 31 December 2023	46,575	201,425	538,439	-	786,439

The movement of gross exposure	**Stage 1 AED '000**	**Stage 2 AED '000**	**Stage 3 AED '000**	**POCI AED '000**	**Total AED '000**
As at 1 January 2024	**9,244,655**	**1,731,739**	**2,418,484**	**-**	**13,394,878**
Transfer to stage 1	**77,529**	**(77,529)**	**-**	**-**	**-**
Transfer to stage 2	**(98,294)**	**182,265**	**(83,971)**	**-**	**-**
Transfer to stage 3	**(10,777)**	**(404,235)**	**415,012**	**-**	**-**
Change in exposure	**1,390,986**	**19,566**	**126,214**	**-**	**1,536,766**
Write-offs	**-**	**-**	**(34,264)**	**-**	**(34,264)**
New financial assets recognised	**1,760,199**	**-**	**-**	**-**	**1,760,199**
Financial assets derecognised	**(1,573,231)**	**(10,158)**	**(523,683)**	**-**	**(2,107,072)**
As at 31 December 2024	**10,791,067**	**1,441,648**	**2,317,792**	**-**	**14,550,507**
As at 1 January 2023	9,641,326	1,650,779	2,269,324	-	13,561,429
Transfer to stage 1	101,025	(101,025)	-	-	-
Transfer to stage 2	(636,944)	641,499	(4,555)	-	-
Transfer to stage 3	(6,920)	(146,494)	153,414	-	-
Change in exposure	(433,370)	(306,194)	44,651	-	(694,913)
Write-offs	-	-	(38,395)	-	(38,395)
New financial assets recognised	2,117,955	7,450	-	-	2,125,405
Financial assets derecognised	(1,538,417)	(14,276)	(5,955)	-	(1,558,648)
As at 31 December 2023	9,244,655	1,731,739	2,418,484	-	13,394,878

There were no significant movements between stages in other classes of financial assets subject to impairment.

38. Financial risk management (continued)

38.1 Credit risk (continued)

38.1.7 Identification of SICR event

As explained in note 38.1.2, if there is a significant increase in credit risk since initial recognition, the Group measures the loss allowance based on lifetime rather than 12-month ECL i.e. financial assets are migrated from stage 1 to stage 2. A SICR event occurs when there has been a significant increase in the risk of a default occurring, over the expected life of a financial instrument. The Group continuously reviews its portfolio for other credit risk indicators, any financial deterioration beyond temporary liquidity stress and whether it is likely to be short term or longer term.

Reasonableness of forward-looking Information and probability weights

As explained in note 38.1.3, through robust modelling technique, the Group has identified key macroeconomic variables influencing credit risk of each portfolio. Forecasts for these economic variables (upside, baseline and downside economic scenario) are sourced from Moody's Data buffet, which reflect the current and forecasted economic impacts in the fallout of Geopolitical situations etc.

38.1.8 Collateral held as security and other credit enhancements

The Group holds collateral or other credit enhancements to mitigate credit risk associated with financial assets. The Group holds financial instruments of AED 4,727 million (2023: AED 4,158 million) for which no loss allowance is recognized because of collateral at the end of the reporting period. The estimated value of collaterals held at end of the reporting period is AED 10,410million (2023: AED 8,625 million). This value of the collateral is only considered to the extent that mitigates the credit risk. There was no change in the Group's collateral policy during the year. The main types of collateral and the types of assets these are associated with are listed below.

Derivatives

The Group enters into derivatives bilaterally under International Swaps and Derivative Association (ISDA) master netting agreements. ISDA master netting agreements give either party the legal right of offset on termination of the contract or on default of the other party. No financial instruments subject to master netting agreements are setoff in the consolidated statement of financial position. The Group executes a credit support annex in conjunction with each ISDA agreement, which requires the Group and each counterparty to post collateral to mitigate credit risk. Collateral is also posted daily in respect of derivatives transacted. The collateral posted with regards to open derivatives is cash or marketable securities.

Reverse sale and repurchase agreements (Reverse REPO)

Reverse sale and repurchase agreement (Reverse REPO) lending are collateralised by marketable securities. These lending agreements require the Group and each counterparty to post collateral to mitigate credit risk. Collateral is also posted daily in respect of shortfall in value of collaterals. The collateral posted with regards to Reverse REPO is cash or marketable securities

38. Financial risk management (continued)

38.1 Credit risk (continued)

38.1.8 Collateral held as security and other credit enhancements (continued)

Mortgage lending

The Group holds residential properties as collateral for the mortgage loans it grants to its customers. The Group monitors its exposure to retail mortgage lending using the LTV ratio, which is calculated as the ratio of the gross amount of the loan, or the amount committed for loan commitments, to the value of the collateral. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral. At 31 December 2024 the net carrying amount of credit impaired mortgage lending was AED 23.2 million (2023: AED 39.1 million) and the value of the respective collateral was AED 29.16 million (2023: AED 44.8 million).

Personal lending

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

Wholesale lending

The Group requests collateral (including properties, equity shares and cash margins) and guarantees for wholesale lending (including loan commitments and financial guarantee contract). The most relevant indicator of wholesale customers' creditworthiness is an analysis of their financial performance and their liquidity, leverage, management effectiveness and growth ratios. The valuation of such collateral is updated if the loan is put on "watch-list" and is therefore monitored more closely. At 31 December 2024 the net carrying amount of credit impaired loans and advances and Islamic financing and investing assets to wholesale customers was AED 1,693 million (2023: AED 1,568 million) and the value of the respective collateral was AED 1,856 million (2023: AED 2,051 million). This value of the collateral is only considered to the extent that mitigates the credit risk.

Investment securities

The Group holds investment securities measured at amortised cost. The investment securities held by the Group are not collateralised.

Assets obtained by taking possession of collateral

The Group obtained the following financial and non-financial assets during the year by taking possession of collateral held as security against loans and advances and held at the year end. The Group's policy is to realise collateral on a timely basis. The Group does not use non-cash collateral for its operations.

	2024 AED '000	2023 AED '000
Property	**406,766**	8,166

38. Financial risk management (continued)

38.2 Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations as they fall due, or will have to do so at an excessive cost. This risk arises from mismatches in the timing of cash flows which is inherent in all banking operations and can be affected by a range of Group-specific and market-wide events.

38.2.1 Management of liquidity risk

Liquidity risk is managed by the Treasury in line with the regulatory and internal policies and guidelines.

The Group's approach to managing liquidity risk is to ensure that it has adequate funding from diversified sources at all times and that it can withstand any major shocks to its liquidity position. Funds are raised using a broad range of instruments including customer deposits, money market instruments and capital. The Treasury monitor the liquidity profile of financial assets and liabilities and the projected cash flows arising from existing and future business. Treasury maintains a portfolio of short-term liquid assets and inter-bank placements to ensure that sufficient liquidity is maintained. The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and abnormal market conditions. The Group's liquidity policy is set by the Board of Directors and is subject to annual review. Adherence to the policies is monitored by the Group's Risk Management Department and Assets and Liability Committee (ALCO).

38.2.2 Exposure to liquidity risk

The key measures used by the Group for measuring liquidity risk are advances to stable resources (which is a regulatory measure) as well as the ratio of net liquid assets, i.e., total assets by maturity against total liabilities by maturity.

The Bank performs product-wise behavioural analysis for its financial instruments (including financial guarantee contracts) in order to analyse and ascertain appropriate level of liquidity requirements.

The following table summarises the maturity profile of the cash flows of the Bank's financial assets and financial liabilities at the end of the reporting period based on their carrying amounts. The amounts disclosed in the table are determined on the basis of their earliest possible contractual maturity.

38. Financial risk management (continued)

38.2 Liquidity risk (continued)

38.2.2 Exposure to liquidity risk (continued)

Repayments which are subject to notice are treated as if notice were to be given immediately. However, the management expects that many customers will not request repayment on the earliest date the Bank could be required to pay and the table does not reflect the expected cash flows indicated by the Bank's deposit retention history.

- **As at 31 December 2024**

	Less than 3 months AED '000	3 to 6 months AED '000	6 to 12 months AED '000	More than 1 year AED '000	No fixed maturity AED '000	Total AED '000
Non-derivative financial assets						
Cash and balances with the Central Bank	1,063,292	-	-	510,142	-	1,573,434
Deposits and balances due from banks	96,092	271,481	308,632	254,157	-	930,362
Loans, advances and Islamic financing	2,668,518	534,880	2,007,378	6,018,530	2,353,605	13,582,911
Receivables and other assets	322,551	95,513	151,002	1,044,822	-	1,613,888
Investment securities at fair value	-	-	-	-	110,589	110,589
Investment securities measured at amortised cost	628,230	171,078	-	2,025,253	-	2,824,561
	4,778,683	1,072,952	2,467,012	9,852,904	2,464,194	20,635,745
Derivative financial assets	5,387	650	1,119	3,168	-	10,324
	4,784,070	**1,073,602**	**2,468,131**	**9,856,072**	**2,464,194**	**20,646,069**
Balance due to the Central Bank	-	-	-	-	-	-
Deposits and balances due to banks	1,567,398	-	-	-	-	1,567,398
Customer accounts and other deposits	7,632,529	1,460,006	3,185,773	247,452	2,907,329	15,433,089
Payables and other liabilities	543,280	95,513	132,453	83,220	-	854,466
	9,743,207	1,555,519	3,318,226	330,672	2,907,329	17,854,953
Derivative financial liabilities	9	660	47	1,439	-	2,155
Issued financial guarantee contacts	2,968,090	350,142	226,153	66,505	-	3,610,890
Loan commitments	1,046,379	22,805	490,556	449,001	-	2,008,741
	13,757,685	1,929,126	4,034,982	847,617	2,907,329	23,476,739
Liquidity gap	**(8,973,615)**	**(855,524)**	**(1,566,851)**	**9,008,455**	**(443,135)**	**(2,830,670)**

38. Financial risk management (continued)

38.2 Liquidity risk (continued)

38.2.2 Exposure to liquidity risk (continued)

- **As at 31 December 2023**

	Less than 3 months AED '000	3 to 6 months AED '000	6 to 12 months AED '000	More than 1 year AED '000	No fixed maturity AED '000	Total AED '000
Non-derivative financial assets						
Cash and balances with the Central Bank	1,384,318	-	-	-	-	1,384,318
Deposits and balances due from banks	88,167	239,629	200,017	179,195	-	707,008
Loans, advances and Islamic financing	1,777,230	218,280	502,945	7,146,861	2,963,123	12,608,439
Receivables and other assets	417,875	124,897	181,983	24,932	-	749,687
Investment securities at fair value	-	-	-	-	137,024	137,024
Investment securities measured at amortised cost	-	295,714	134,190	2,247,097	-	2,677,001
	3,667,590	878,520	1,019,135	9,598,085	3,100,147	18,263,477
Derivative financial assets	2	-	100	2,531	-	2,633
	3,667,592	878,520	1,019,235	9,600,616	3,100,147	18,266,110
Non-derivative financial liabilities						
Balance due to the Central Bank	1,783	-	-	-	-	1,783
Deposits and balances due to banks	1,873,094	95,000	412,550	367,280	-	2,747,924
Customer accounts and other deposits	5,836,100	1,353,776	2,801,216	277,936	2,388,862	12,657,890
Payables and other liabilities	423,403	124,897	83,057	103,034	-	734,391
	8,134,380	1,573,673	3,296,823	748,250	2,388,862	16,141,988
Derivative financial liabilities	1,064	-	-	7,004	-	8,068
Issued financial guarantee contacts	2,307,939	405,449	175,438	128,182	-	3,017,008
Loan commitments	971,684	252,574	426,085	730,158	-	2,380,501
	11,415,067	2,231,696	3,898,346	1,613,594	2,388,862	21,547,565
Liquidity gap	(7,747,475)	(1,353,176)	(2,879,111)	7,987,022	711,284	(3,281,456)

38. Financial risk management (continued)

38.3 Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads will affect the Group's income and/or the value of the financial instrument. The Group manages its market risk in order to achieve an optimum return while maintaining market risk exposure within prudent limits.

38.3.1 Management of market risk

The Board of Directors has set risk limits based on sensitivity analysis and notional limits which are closely monitored by the Risk Management Department, reported frequently to Senior Management and discussed monthly by the ALCO.

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

38.3.2 Exposure to interest rate risk

The principal risk to which interest-bearing financial instruments are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. The Group manages the risk principally through monitoring interest rate gaps, matching the re-pricing profile of assets and liabilities. The ALCO monitors compliance with these limits and is assisted by the Risk Management Department for day-to-day monitoring of activities. The table below analyses the Group's interest rate risk exposure on financial assets and liabilities. The Banks's assets and liabilities are included at carrying amount and categorised by the earlier of contractual re-pricing or maturity dates.

- **As at 31 December 2024**

	Less than 3 months AED '000	3 to 6 months AED '000	6 to 12 months AED '000	More than 1 year AED '000	Total AED '000
Interest sensitive financial assets					
Cash and balances with the Central Bank	1,000,000	-	-	-	1,000,000
Deposits and balances due from banks	896,384	36,998	-	-	933,382
Loans, advances and Islamic financing	8,741,431	303,757	1,246,987	4,258,332	14,550,507
Investment securities measured at amortised cost	628,231	171,078	-	2,038,954	2,838,263
	11,266,046	511,833	1,246,987	6,297,286	19,322,152
Interest sensitive financial liabilities					
Deposits and balances due to banks	1,567,398	-	-	-	1,567,398
Customer accounts and other deposits	7,764,596	2,414,860	2,593,616	2,660,017	15,433,089
	9,331,994	2,414,860	2,593,616	2,660,017	17,000,487
Commitments	154,897	65,267	71,748	120,724	412,637
Effect of derivatives held	5,377	(10)	1,072	1,729	8,169
Net interest gap	1,784,532	(1,968,304)	(1,417,305)	3,518,273	1,917,198
Impact on profit and loss if interest rates had been 200 bps higher	23,859	(24,806)	(3,561)	63,787	59,278

38. Financial risk management (continued)

38.3 Market risk (continued)

38.3.2 Exposure to interest rate risk (continued)

- **As at 31 December 2023**

	Less than 3 months AED '000	3 to 6 months AED '000	6 to 12 months AED '000	More than 1 year AED '000	Total AED '000
Interest sensitive financial assets					
Cash and balances with the Central Bank	1,000,000	-	-	-	1,000,000
Deposits and balances due from banks	715,410	-	-	-	715,410
Loans, advances and Islamic financing	8,639,678	507,420	534,964	3,712,812	13,394,874
Investment securities measured at amortised cost	-	295,712	134,191	2,262,542	2,692,445
	10,355,088	803,132	669,155	5,975,354	17,802,729
Interest sensitive financial liabilities					
Deposits and balances due to banks	1,874,877	95,000	412,550	367,280	2,749,707
Customer accounts and other deposits	7,850,302	1,088,295	2,239,458	1,479,559	12,657,614
	9,725,179	1,183,295	2,652,008	1,846,839	15,407,321
Commitments	194,337	50,515	85,217	161,548	491,617
Effect of derivatives held	(1,063)	-	100	(4,472)	(5,435)
Net interest gap	434,509	(430,678)	(2,067,970)	3,962,495	1,898,356
Impact on profit and loss if interest rates had been 200 bps higher	767	(5,428)	(11,439)	69,761	53,661

38.3.3 Exposure to currency risk

Currency 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 AED. The Board of Directors has set limits on positions by currency. Positions are closely monitored to ensure positions are maintained within established limits. At the end of the reporting period, the Group had the following significant net exposure denominated in foreign currencies:

	Net spot position		Forward position		Total	
	2024 AED '000	2023 AED '000	2024 AED '000	2023 AED '000	2024 AED '000	2023 AED '000
Currency						
USD	**3,559,386**	2,466,355	**(1,207,797)**	(238,927)	**2,351,588**	2,227,428
GBP	**41**	(2,288)	**-**	2,338	**41**	50
JPY	**26**	120	**70**	-	**96**	120
EUR	**4,522**	1,993	**(4,012)**	(405)	**510**	1,588
BHD	**186,839**	277,340	**-**	73	**186,839**	277,413
Other	**1,456**	627	**-**	147	**1,456**	774

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% adverse change in the relevant foreign currency position against AED both for a long and short position in order to assess the impact of loss on profit and loss.

38. Financial risk management (continued)

38.3 Market risk (continued)

38.3.3 Exposure to currency risk (continued)

	2024 AED '000	2023 AED '000
GBP	**4**	5
JPY	**10**	12
EUR	**50**	159
BHD	**18,683**	27,471

There are no exchange rate risks relating to financial assets and financial liabilities denominated in USD, which is pegged to the AED.

38.3.4 Other price risk

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, profit or loss and other comprehensive income for the year would have been higher/lower by AED 15.4 million higher/lower (2023: AED 15 million higher/lower).

39. Fair value of financial instruments

This note provides information about how the Group determines the fair value of various financial assets and financial liabilities.

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

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The fair value of financial assets and financial liabilities are determined as follows:

- Fair value of all quoted investments measured at fair value through profit or loss and at fair value through other comprehensive income (note 12) are based on quoted bid prices in an active market;
- Fair value of all unquoted equity investments and unquoted investment funds measured at fair value through other comprehensive income (note 12) is mainly based on market approach based valuation technique using price/book value multiple of trading peers and precedent transactions. These price/book values multiples and precedent transactions are unobservable inputs. Fair value of investment in MURJAN is calculated by taking proportionate share of the fair value of its assets (real estate) and liabilities; and
- Fair value of all derivatives (note 40 is calculated using discounted cash flows. Discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Derivatives are measured using quoted rates and yield curves derived from quoted rates matching maturities of the contracts.

39. Fair value of financial instruments (continued)

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

The table below summarises the Group's financial instruments fair value according to fair value hierarchy:

	Level 1		Level 2		Level 3	
	2024 AED '000	2023 AED '000	2024 AED '000	2023 AED '000	2024 AED '000	2023 AED '000
Financial assets at fair value through other comprehensive income						
Equity shares	**32,431**	29,656	-	-	**14,486**	15,562
Investment funds	**-**	-	-	-	**1,408**	1,408
Financial assets at fair value through profit or loss						
Equity shares and others		-	-	-	**259,463**	253,695
Positive fair value of derivatives financial assets		-	**10,324**	2,633	**-**	-
Financial liabilities at fair value through profit or loss						
Negative fair value of derivatives financial liabilities		-	**2,155**	8,068	**-**	-

For level 3 fair valuation measured using price/book value multiple, the higher the unobservable input of price/book value multiple, the higher is fair value.

The price/book value multiple used in valuation ranges between 0.81X to 1.22X (2023: 0.85X to 1.00X). For level 3 fair valuation of MURJAN measured using proportionate share of the fair value of its assets (real estate) and liabilities, the higher the net asset value, the higher is fair value.

There were no transfers between Level 1 and 2 during the years ended 2024 and 2023.

Reconciliation of Level 3 fair value measurements of financial assets

	2024 AED '000	2023 AED '000
Balance at January 1	**270,665**	237,050
Additions	**3,672**	-
Total gains in profit or loss	**2,096**	35,424
Total other comprehensive loss	**(1,076)**	(1,809)
Balance at December 31	**275,357**	270,665

The financial liabilities subsequently measured at fair value are classified as level 2 in the fair value hierarchy. There are no financial liabilities classified at fair value as level 3 in the fair value hierarchy.

All gains and losses included in other comprehensive income relate to FVTOCI (quoted investments or unquoted investments) held at the end of the period and are reported as changes in 'Investment revaluation reserve.

39. Fair value of financial instruments (continued)

39.2 Fair value of the Group's financial assets and financial liabilities that are measured at amortised cost

Except as detailed below, the Board of Directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the consolidated financial statements approximate their fair values.

	Carrying amount		Fair value	
	2024 AED '000	2023 AED '000	2024 AED '000	2023 AED '000
Investment securities measured at amortised cost	**2,824,561**	2,677,001	**2,813,760**	2,660,320

Investment securities measured at amortised cost are quoted instruments and categorised as level 1 in the fair value hierarchy. The fair value is determined using unadjusted quoted market prices.

40. Derivative financial instruments

Derivative financial instruments are utilised by the Group primarily to satisfy the requirements of its customers and are also used to a limited extent to manage the Group's own exposure to currency, interest rate and other market risks. The derivatives most frequently used by the Group are as follows:

Swaps

Swaps are commitments to exchange one set of cash flows for another. For interest rate swaps, counter-parties generally exchange fixed and floating rate interest payments in a single currency without exchanging principal. For currency swaps, fixed interest payments and principal are exchanged in different currencies. For cross-currency rate swaps, principal, fixed and floating interest payments are exchanged in different currencies.

Interest rate Caps and Floor

An interest rate cap is a type of interest rate derivative in which the buyer receives payments at the end of each period in which the interest rate exceeds a pre-agreed rate. Similarly, an interest rate floor is a derivative contract in which the buyer receives payments at the end of each period in which the interest rate is below the pre-agreed rate.

Foreign exchange forwards contracts

Foreign exchange forwards contracts are contractual agreements to either buy or sell a specified currency at a specified price and date in the future. Forwards are customised contracts transacted in the over-the counter market.

The table below shows the positive and negative fair values of derivative financial instruments, which are equivalent to the market values, together with the notional amounts. The notional amounts, which provide an indication of the volumes of the transactions outstanding at the year end, do not necessarily reflect the amounts of future cash flows involved. The notional amounts indicate the volume of transactions outstanding at the year end and are indicative of neither the market risk nor the credit risk.

40. Derivative financial instruments (continued)

	Foreign exchange forward contracts		Interest rate and currency swaps		Interest rate Caps and Floor		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Positive fair value	**819**	102	**8,217**	91	**1,288**	2,440	**10,324**	2,633
Negative fair value	**857**	146	**10**	5,482	**1,288**	2,440	**2,155**	8,068
Maturity of notional amounts								
Up to 3 months	**497,489**	756,919	**158,541**	39,540	**-**	-	**656,030**	796,459
3 to 6 months	**572,930**	-	**42,495**	-	**-**	-	**615,425**	-
6 to 12 months	**363,311**	183,525	**-**	-	**-**	-	**363,311**	183,525
1 to 5 years	**-**	-	**35,930**	207,280	**-**	-	**35,930**	207,280
More than 5 years	**-**	-	**-**	-	**285,052**	332,781	**285,052**	332,781
	1,433,730	940,444	**236,966**	246,820	**285,052**	332,781	**1,955,748**	1,520,045

41. Capital management

The Group's lead regulator, the Central Bank of the UAE, sets and monitors regulatory capital requirements.

The Group's objectives when managing capital are:

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

In implementing current capital requirements, the Group calculates its capital adequacy ratio in accordance with the Basel III guidelines issued by the Central Bank of the UAE. Under these regulations, minimum capital requirements are monitored at three levels, namely Common Equity Tier 1 ('CET1'), Tier 1 ('T1') and Total Capital.

41.1 Regulatory capital

The Bank calculates its Capital Adequacy Ratio in line with guidelines issued by the Central Bank of the UAE.

The Group's regulatory capital is analysed into different tiers:

- Common Equity Tier 1 Capital, which includes Common shares issued by a Bank, share premium resulting from the issue of instruments included in CET1, retained earnings, legal reserves, statutory reserves, accumulated other comprehensive income and other disclosed reserves, minority interest, which are eligible for inclusion in CET1 and regulatory adjustments applied in the calculation of CET1;
- Additional Tier 1 Capital (AT1);
- Tier 1 capital, which is the total of Common Equity Tier 1 (CET1) Capital and Additional Tier 1 (AT1) capital;
- Tier 2 capital, which includes general provisions (Collective allowance for impairment subject to a limit of 1.25% of credit 'Risk Weighted Assets' (RWA)), perpetual equity instruments not included in Tier 1 capital and Instruments which are eligible for inclusion of Tier 2 e.g. subordinated loan.

The additional capital buffers (Capital Conservation Buffer (CCB) and Countercyclical Capital Buffer (CCyB) - maximum up to 2.5% for each buffer) introduced under Basel III guidelines are over and above the minimum CET1 requirement of 7%.

41. Capital management (continued)

41.1 Regulatory capital (continued)

For the purpose of Basel III capital adequacy reporting, only financial subsidiaries are consolidated. Commercial subsidiaries are excluded from consolidated reporting.

The Bank's RWA are weighted as to their relative credit, market, and operational risk. Credit risk includes both on and off-balance sheet risks. Market risk is defined as the risk of losses in on and off-balance sheet positions arising from movements in market prices and includes interest rate risk, foreign exchange risk, equity exposure risk, commodity risk, and options risk. Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. The Bank is following the standardised measurement approach for credit, market and operational risk, as per Basel Requirements.

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

The Group's regulatory capital position at the end of reporting period under Basel III is as follows:

	2024 AED '000	2023 AED '000
Capital base		
Share capital	**1,737,383**	1,737,383
Statutory reserve	**334,760**	314,543
Accumulated other comprehensive income	**(42,509)**	(58,072)
IFRS transitional arrangement: Partial addback of ECL impact to CET1	**35,609**	59,183
Accumulated losses	**309,865**	(105,245)
CET1 capital (prior to regulatory deductions)	**2,375,108**	1,947,792
Intangible assets	**(34,255)**	(27,170)
Total CET1 capital	**2,340,853**	1,920,622
Additional Tier 1 (AT1) Capital	**459,125**	459,125
Total AT1 capital	**459,125**	459,125
Total Tier 1 Capital	**2,799,978**	2,379,747
Eligible general provision	**195,206**	196,756
Total Tier 2 (T2) Capital	**195, 206**	196,756
Total capital base	**2,995,184**	2,576,503
Risk weighted assets		
Credit risk	**15,616,448**	15,740,443
Market risk	**188,943**	279,946
Operational risk	**1,102,634**	990,579
Total risk weighted assets	**16,908,025**	17,010,968
CET1 capital ratio	**13.84%**	11.29%
Tier 1 capital ratio	**16.56%**	13.99%
Total capital ratio	**17.71%**	15.15%

41.2 Capital allocation

The Group also assesses internally its capital requirements taking into consideration its growth requirements and business plans and quantifies its regulatory and risk/economic capital requirements within its integrated ICAAP Framework. Risks such as interest rate risk on the banking book, concentration risk, stress testing, strategic risk, legal and compliance risk, and reputational risk are all part of the ICAAP. The Group also calculates Risk Adjusted Return on Capital (RAROC) for credit applications that are priced on a risk-adjusted basis.

42. Related party transactions

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in IAS 24 *Related Party Disclosures*. Related parties comprise companies under common ownership and/or common management and control, their shareholders and key management personnel. Transactions with associate and other related parties are made on substantially the same terms, as those prevailing at the same time for comparable transactions with external customers and parties.

	Terms %	2024 AED '000	2023 AED '000
Balances at the end of the reporting period			
Subsidiaries			
Financial guarantee contract	**-**	**5,009**	5,009
Associate			
Customers' deposits	**-**	**2,711**	-
Key management personnel (including directors)			
Loans and advances to customers	**3.0 - 7.7**	**22,520**	22,762
Customers' deposits	**0.1 – 5.9**	**9,011**	19,825
Other related parties			
Deposits and balances due from banks	**0.0 -7.1**	**204,360**	204,107
Deposits and balances due to banks	**-**	**168,922**	74,370
Tier 1 Capital Securities	**6.5**	**459,125**	459,125
Key management personnel (including directors)			
Interest income		**1,311**	1,092
Interest expense		**879**	1,033
Compensation of key management personnel (i)		**38,115**	29,757

(i) These include long-term benefits amounting to AED 1 million (2023: AED 0.8 million).

43. Operating segments

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 in order to allocate resources to the segment and to assess its performance. The Group's reportable segments under IFRS 8 are therefore as follows:

- Wholesale banking;
- Retail banking;
- Treasury;
- Real estate;
- Other

43. Operating segments (continued)

The segmental information provided to the Group's CEO for the reportable segments for the years ended 31 December 2024 and 31 December 2023 were as follows:

	Wholesale banking AED '000	Retail banking AED '000	Treasury AED '000	Real estate AED '000	Other AED '000	Total AED '000
Year ended 31 December 2024						
Net interest income	**268,889**	**43,782**	**31,301**	**(4,259)**	**4,284**	**343,997**
Net fees, commission and other operating income	**160,956**	**(1,343)**	**4,801**	**193,205**	**1,706**	**359,325**
	429,845	**42,439**	**36,102**	**188,946**	**5,990**	**703,322**
General and administrative expenses	**(218,771)**	**(129,290)**	**(19,436)**	**(9,994)**	**(263)**	**(377,754)**
Impairment losses and provisions, net	**(128,770)**	**18,878**	**7,123**	**(148)**	**-**	**(102,917)**
Profit/(loss) before tax for the year	**82,304**	**(67,973)**	**23,789**	**178,804**	**5,727**	**222,651**
As at 31 December 2024						
Assets	**14,462,918**	**978,277**	**4,551,328**	**267,629**	**634,505**	**20,894,657**
Liabilities	**12,649,334**	**3,207,874**	**1,569,553**	**247**	**417,741**	**17,844,749**
Year ended 31 December 2023						
Net interest income	183,249	57,919	60,573	(5,876)	59,378	355,243
Net fees, commission and other operating income	133,140	1,054	7,975	9,761	36,374	188,304
	316,389	58,973	68,548	3,885	95,752	543,547
General and administrative expenses	(203,923)	(114,735)	(24,093)	(6,341)	-	(349,092)
Impairment losses and provisions, net	(47,913)	(77)	(5,671)	29,847	-	(23,814)
Profit/(loss) before tax for the year	64,553	(55,839)	38,784	27,391	95,752	170,641
As at 31 December 2023						
Assets	12,579,817	1,068,237	4,156,459	551,739	617,511	18,973,763
Liabilities	9,791,136	3,196,492	2,757,685	926	354,585	16,100,824

44. Comparative figures

'Islamic financing and investing assets (31 December 2023: AED 1,028 million) which was previously presented separately on the consolidated statement of financial position is now classified under 'Loans, advances and Islamic financing".

45. Events after the reporting date

No adjusting or significant non-adjusting events have occurred between the 31 December 2024 and the date of authorisation.

46. Approval of the consolidated financial statements

The consolidated financial statements for the year ended 31 December 2024 were approved by the Board of Directors and authorised for issue on 14 January 2025.

Glossary of abbreviations

ACADL	Al Caribi Antigua Development Limited
ACDL	Al Caribi Development Limited
AED	United Arab Emirates Dirham
AKPI	Al Khaleejiah Property Investments LLC
ARZAQ	Arzaq Holdings (Private J.S.C.)
AT1	Additional Tier 1
Basel III	Basel III: International regulatory framework for banks
BVI	British Virgin Islands
CBI	Commercial Bank International PSC
CBUAE	the Central Bank of the UAE
CDs	Certificates of Deposit
CDS	Credit Default Swaps
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
ECL	Expected Credit Losses
EIR	Effective Interest Rate
EPS	Earnings Per Share
EUR	Euro
FVTOCI	Fair Value Through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
GBP	British pound sterling
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IASs	International Accounting Standards
ICAAP	Internal Capital Adequacy Assessment Process
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standard
IFRSs	International Financial Reporting Standards
JPY	Japanese yen
LGD	Loss Given Default
LLC	Limited Liability Company
MURJAN	Al Murjan Real Estate LLC
OCI	Other Comprehensive Income
PD	Probability of Default
POCI	Purchased or Originated Credit Impaired
SCA	Securities and Commodities Authority of the UAE
SIC	Standard Interpretations Committee
SICR	Significant Increase in Credit Risk
SPPI	Solely Payments of Principal and Interest on the principal amount outstanding
SPV	Special Purpose Vehicle
T2	Tier 2
the GCC	the Gulf Cooperation Council
the UAE	the United Arab Emirates
the USA	the United States of America
TRE	Takamul Real Estate LLC
USD	United States dollar

CBI

البنك التجاري الدولي

CBI Headquarters
Jumeirah Street,
Jumeirah 1
PO Box 4449
Dubai

cbiuae.com